

CITY COUNCIL MINUTES

March 11, 2013

The Honorable Council of the City of Evansville met on regular session at 5:30 p.m. on Monday, March 11, 2013 in the City Council Chambers, Room 301 Civic Center Complex, Evansville, Indiana, with President Connie Robinson presiding. The following business was conducted.

These minutes are not intended to be a verbatim transcript. Audiotapes of this meeting are on file in the City Clerk's Office.

ROLL CALL:

Present: McGinn, Mosby, Brinkerhoff-Riley, Friend, Lindsey, Adams, O'Daniel, Weaver, Robinson.

There being nine (9) members present and zero (0) members absent and nine (9) members representing a quorum, I hereby declare this session of the Common Council officially open.

PLEDGE OF ALLEGIANCE

This evening the pledge of allegiance is led by Councilman McGinn.

Fellow Councilmen and those in the audience, welcome to the March 11, 2013 meeting of the Common Council.

TEEN ADVISORY COMMITTEE:

Heather Wolf

COUNCIL ATTORNEY

This evening Scott Danks is City Council Attorney.

SERGEANT AT ARMS

This evening Officer Holden is Sergeant at Arms.

READING AND AMENDMENT OF MINUTES

Is there a motion to approve the minutes of the February 25 and February 27, 2013 meetings of the Common Council as written?

Councilwoman Mosby moved and Councilman O'Daniel seconded the motion to approve the minutes of the meetings of the Common Council held February 25 and February 27, 2013 as written. Voice vote. So ordered.

REPORTS AND COMMUNICATIONS

IN YOUR March 8th PACKET:

- *City Council Meeting Agenda for March 11, 2013.
- *Committee Meeting Schedule.
- *City Council Meeting Minutes dated February 25 and 27, 2013.
- *Resolution C-2013-8.
- *Ordinance F-2013-1.
- *Rezoning Ordinance R-2013-5.
- *Area Plan Commission Meeting Minutes from February 14, 2013, and Staff Field Reports.
- *Evansville Redevelopment Commission Minutes from Meetings held February 5, 2013 and February 20, 2013.

President Robinson: Is there a motion to receive, file and make these reports and communications a part of the minutes of the meeting?

Councilwoman Mosby moved and Councilman McGinn seconded the motion to receive, file and make these reports and communications a part of the minutes of the meeting. Voice vote. So ordered.

CONSENT AGENDA

FIRST READING OF ORDINANCES OR RESOLUTIONS

ORDINANCE R-2013-5 TO APC C-4with U&D to C-4 with Amended U&D

An Ordinance to Rezone Certain Real Estate in the City of Evansville, State of Indiana, more commonly known as 3931 and 3901 W. Lloyd Expressway, Evansville, IN 47712

Petitioner: Creekside Plaza, LLC
Owners: Robert W. Owens
Representative: Joe Kiefer
District: Al Lindsey, Ward 6

ORDINANCE F-2013-1 FINANCE FRIEND

An Ordinance to amend the Sewer Rates and Charges for the Town of Darmstadt

RESOLUTION C-2013-8 FINANCE FRIEND

A Resolution of the Common Council of the City of Evansville, Indiana, approving an amendment of the plan for the Downtown Redevelopment Area

President Robinson: Is there a motion to adopt the Consent Agenda as written?

Councilman Friend moved and Councilwoman Mosby seconded the motion to adopt the Consent Agenda as written. Voice vote. So ordered.

CONSENT AGENDA

SECOND READING OF ZONING ORDINANCES

ORDINANCE R-2012-24 FROM APC R-2 to C-2

An Ordinance to Rezone Certain Real Estate in the City of Evansville, State of Indiana, more commonly known as 1200 Edgar Street, Evansville, Indiana 47710

Petitioner: Randall Rakestraw
Owners: Same
Representative: Same
District: Al Lindsey, Ward 6

This petition comes forward with a recommendation for approval from the Area Plan Commission, having 10 affirmative votes and 1 negative vote.

ORDINANCE R-2013-1 FROM APC R-2 to R-4

An Ordinance to Rezone Certain Real Estate in the City of Evansville, State of Indiana, more commonly known as 317 S. Rotherwood Avenue, Evansville, Indiana 47714

Petitioner: Buckingham Companies
Owners: University of Evansville
Representative: Matthew Griffin, Buckingham Companies
District: Missy Mosby, Ward 2

This petition comes forward with a recommendation for approval from the Area Plan Commission, having 11 affirmative votes and 1 abstention.

President Robinson: Can I have a motion to adopt the Consent Agenda Second Reading of Zoning Ordinances and to accept the Area Plan Commission Report?

Councilwoman Riley moved and Councilwoman Mosby seconded the motion to adopt the Consent Agenda and to accept the Area Plan Commission report. Voice vote. So ordered.

Council now stands at Third Reading of Zoning Ordinances, which is final action.

REGULAR AGENDA

THIRD READING OF ZONING ORDINANCES

ORDINANCE R-2012-24 FROM APC

R-2 to C-2

An Ordinance to Rezone Certain Real Estate in the City of Evansville, State of Indiana, more commonly known as 1200 Edgar Street, Evansville, Indiana 47710

Petitioner: Randall Rakestraw

President Robinson: Mr. Rakestraw?

Kyle Kinder: I am here on behalf of *(Inaudible)*

President Robinson: Okay, just wait until you get to the podium please. Come up to the podium sir. I'm sorry and give us your name and address.

Kyle Kinder: My name is Kyle Kinder. My address is 4544 Pine Drive, Newburgh, Indiana, 47630.

President Robinson: Okay. So you are speaking on behalf of Randall.

Kyle Kinder: Yes. I filled this application out for him.

President Robinson: Okay. You want to give us some information on it.

Kyle Kinder: He's wanting to build...he's wanting to have outdoor seating at current location. Right now, it's just inside only. Eventually he'd like to add a family room and that's what he's wanting to do. I mean, he just wants to be able to serve food outside.

President Robinson: Okay. So from an R-2 to...

Councilman Adams: He's been at this location for some time hasn't he?

Kyle Kinder: Yes, yes. I believe he opened in 2003.

President Robinson: Okay. Councilman Lindsey, this is your area. Do you have any questions?

Councilman Lindsey: No, I'm good with it. I know the establishment and I know the area. I've been by it.

Councilman Weaver: What's the name of this establishment?

Councilman Lindsey: It's a...

Kyle Kinder: Talk of the Town.

Councilman Lindsey: Talk of the Town, yeah.

Councilman Adams: The Area Plan looked very favorably on this.

President Robinson: Oh, the pizza shop. Oh wow, you've got good pizza.

Okay, are there any questions from any Councilmembers?

Is there anyone in the audience that would like to talk for or against?

Can I have a motion to adopt Ordinance R-2012-24?

Councilman O'Daniel moved and Councilman Lindsey seconded the motion to adopt Ordinance R-2012-24 and call the roll.

Question from Councilwoman Brinkerhoff-Riley asked after her name was called during roll call.

Councilwoman Brinkerhoff-Riley: I'm sorry, can I ask you a question? I just noticed in the APC minutes that there was an issue on the parking spots; that we are really waiting for information from Mr. Rakestraw to determine his outside seating capacity and then they'll tell him how many spots he has to have. Do you know anything about that at all?

Kyle Kinder: I know that they were supposed to but no one's contacted him to review *(Inaudible)*

Councilwoman Brinkerhoff-Riley: Well it sounds like from the APC. Mr...and Councilman Adams, it's sounds like you placed the burden on Mr. Rakestraw to come back and tell you guys.

Councilman Adams: Actually, that issue was worked out at the time.

Councilwoman Brinkerhoff-Riley: Okay. It is? All right.

Councilman Adams: It was not a big deal.

Councilwoman Brinkerhoff-Riley: Okay, thank you. I vote aye.

ROLL CALL

Ayes: McGinn, Mosby, Brinkerhoff-Riley, Friend, Lindsey, Adams, O'Daniel, Weaver, Robinson

President Robinson: There being nine (9) Ayes and zero (0) Nays, Ordinance R-2012-24 is hereby declared adopted.

Kyle Kinder: Thank you.

REGULAR AGENDA

THIRD READING OF ZONING ORDINANCES

ORDINANCE R-2013-1 FROM APC

R-2 to R-4

An Ordinance to Rezone Certain Real Estate in the City of Evansville, State of Indiana, more commonly known as 317 S. Rotherwood Avenue, Evansville, Indiana 47714

Petitioner: Buckingham Companies

Matt Griffin: Sorry about that. Matt Griffin with Buckingham Companies, corporate address 941 N. Meridian Street, Indianapolis, Indiana, 46204. We are here tonight on behalf of this rezoning petition. We were engaged by the University of Evansville to redevelop some of their parcels, this being one of them, and I'll give you a brief overview.

The site is at Rotherwood Avenue if you can see this map up here. It's across the street from the university's primary campus. It's also located in a current area where there's some university housing being used to hold students as well as there's a parking lot on the northeast corner of the site. In the next slide, you can see an image with the site superimposed on the area with the units, or the houses that the university currently controls and uses either for student housing or for all students' use. So you can see that we are kind of in the midst of currently used university property.

The site plan would envision four student-housing structures. Each structure contains six units and each unit has four bedrooms. In the plan, you can see there is a lot of green space, there are a lot of sidewalks that connect it to the neighborhood as well as to the university campus, and then also it retains the parking lot that is currently on site and adds some improvements to it as well.

There's an overview of the floor plan which if you have questions, we can dig into that.

Our company, Buckingham Companies, specializes in mixed-use development, student housing, and apartment communities; that's why we were brought on board by the university to figure out a good and reasonable plan for these sites and to create the type of housing that they are looking to get on campus.

You can see there's some upgraded and modern floor plans and layouts. This is a conceptual rendering of what we will be constructing onsite. The buildings are all identical. They are two-story. They are primarily masonry. They look very much in line with a residential community; they don't look like a mega-apartment complex whatsoever. They look more like townhomes.

And then lastly, we will be seeking LEED certification for this project. It's something the university was interested in. It's something that our company has done on our last few projects in Indianapolis and we feel this would be a good opportunity to do a residential LEED certification project for the City.

I'm available for any questions if you have any. Thanks.

Councilman Friend: Yes, may I ask one thing?

Matt Griffin: Yes.

Councilman Friend: When these things get constructed, are they going to be using somebody local? Is it going to be local?

Matt Griffin: Yeah. It's primarily local contractors. We are currently...we have bids out to *(Inaudible)* local contractors, yes.

We have a construction division in our office except we're just general contractors; we don't have a workforce though.

Councilwoman Mosby: I've been over on the campus and spoken with several board members and I think this is going to be a great addition to U of E. It's really going to make some wonderful improvements to the campus, so thank you.

Matt Griffin: Thank you.

President Robinson: Any other questions from any Councilmembers?

Councilman O'Daniel: How many homes are going to be razed as part of the development because I noticed there were a couple of houses that I think...?

Matt Griffin: Right.

Councilman O'Daniel: In purple or red or whatever. What was the distinction on these?

Matt Griffin: These are all university-owned buildings currently and we will be razing all of the current houses on this site. So there are six. I believe there are six on-site *(Inaudible)*,

Councilman O'Daniel: I'm looking on...if you go back to that last one that has the *(Inaudible)*. That one.

Matt Griffin: This one?

Councilman O'Daniel: Yes. What is the distinction between the blue or purple and the red?

Matt Griffin: The colors came from the university. I think it's used...the purple are university student housing uses right now. I think the red and blues denote offices and other type uses and administrative uses. That's my understanding.

Councilman O'Daniel: Is there going to be a buffer there between where the development will be and then the homes that are *(Inaudible)*?

Matt Griffin: Yeah, the only home that is not held by the university would be this one here. Currently it is adjacent to a parking lot so after post-development, there is a roadway here instead of a parking lot and then we have a greenspace and a sidewalk so there is actually more distance between the home and sort of an active use than there is currently. It also buffers it from I guess the more busy automobile traffic of the parking lot.

Councilwoman Mosby: And I've not received any complaints from any neighbors or anyone in that area.

President Robinson: Are there any questions or does anyone want to speak for or against this in the audience?

Is there a motion to adopt Ordinance R-2013-1?

Councilwoman Mosby moved and Councilman Weaver seconded the motion to adopt Ordinance R-2013-1 and call the roll.

ROLL CALL

Ayes: McGinn, Mosby, Brinkerhoff-Riley, Friend, Lindsey, Adams, O'Daniel, Weaver, Robinson

President Robinson: There being nine (9) Ayes and zero (0) Nays, Ordinance R-2013-1 is hereby declared adopted.

CONSENT AGENDA

SECOND READING OF ORDINANCES AND RESOLUTIONS

<u>RESOLUTION C-2013-6</u>	<u>FINANCE</u>	<u>FRIEND</u>
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A Resolution of the Common Council of the City of Evansville Ratifying, Confirming, Authorizing and Approving an Agreement between the City of Evansville and the Chauffeurs, Teamsters and Helpers, Local Union No. 215 for the period of January 1, 2013 through December 31, 2015

<u>RESOLUTION C-2013-7</u>	<u>FINANCE</u>	<u>FRIEND</u>
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A Resolution of the Common Council of the City of Evansville Confirming the Declaration of an Economic Revitalization Area for Property Tax Phase-In for the Acquisition and Installation of New Manufacturing Equipment for Berry Plastics Opco, Inc., 101 Oakley Street, Evansville, IN

COMMITTEE REPORTS:

FINANCE COMMITTEE:

CHAIRMAN FRIEND

Councilman Friend: Yes, Madam President, your Finance Committee met this evening to hear Resolutions C-2013-6 and Resolution C-2013-7 and both come forward with a do-pass recommendation.

Councilman Friend moved and Councilwoman Riley seconded the motion to adopt the Committee Reports and move these Resolutions to Third Reading. Voice vote. So ordered.

REGULAR AGENDA

THIRD READING OF ORDINANCES AND RESOLUTIONS

<u>RESOLUTION C-2013-6</u>	<u>FINANCE</u>	<u>FRIEND</u>
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A Resolution of the Common Council of the City of Evansville Ratifying, Confirming, Authorizing and Approving an Agreement between the City of Evansville and the Chauffeurs, Teamsters and Helpers, Local Union No. 215 for the period of January 1, 2013 through December 31, 2015

Is there a motion to adopt Resolution C-2013-6?

Councilwoman Mosby moved and Councilman Adams seconded the motion to adopt Resolution C-2013-6 and call the roll.

ROLL CALL

Ayes: McGinn, Mosby, Brinkerhoff-Riley, Friend, Lindsey, Adams, O'Daniel, Weaver, Robinson

President Robinson: There being nine (9) Ayes and zero (0) Nays, Resolution C-2013-6 is hereby declared adopted.

REGULAR AGENDA

THIRD READING OF ORDINANCES AND RESOLUTIONS

RESOLUTION C-2013-7

FINANCE

FRIEND

A Resolution of the Common Council of the City of Evansville Confirming the Declaration of an Economic Revitalization Area for Property Tax Phase-In for the Acquisition and Installation of New Manufacturing Equipment for Berry Plastics Opco, Inc., 101 Oakley Street, Evansville, IN

Is there a motion to adopt Resolution C-2013-7?

Councilwoman Riley moved and Councilwoman Mosby seconded the motion to adopt Resolution C-2013-7 and call the roll.

Comments made by Councilmembers before casting their votes:

Councilman McGinn: Before I vote, I want to thank Berry Plastics and Debbie for working with us. You know we've really been looking for clawbacks. This is the first one. In fact, you were so good you even got a clawback on a deal that was already made. I am impressed. So I thank Berry for that and you know what we are looking for and I really appreciate you working with us on it so I vote aye.

Councilwoman Brinkerhoff-Riley: I feel the same way as Dan (*Inaudible*), I think you've done a nice job and I know there's been some rub in the path as this has moved forward but I really want to thank you and I think you are doing a fantastic job.

ROLL CALL

Ayes: McGinn, Mosby, Brinkerhoff-Riley, Friend, Lindsey, Adams, O'Daniel, Weaver, Robinson

President Robinson: There being nine (9) Ayes and zero (0) Nays, Resolution C-2013-7 is hereby declared adopted.

MISCELLANEOUS BUSINESS

President Robinson: There will not be a City Council Meeting next Monday, March 18, 2013. The next City Council meeting will be Monday, March 25, 2013 at 5:30 p.m. Committee Meetings will begin at 5:15 on March 25, 2013.

At this time, we'll hear from Scott, Director of Venue Works.

Scott Schoenike: Good evening, Scott Schoenike, Executive Director at the Ford Center and the Victory Theatre. Tonight I'm going to give you a recap of the Annual Report I gave to ERC last

week on the Ford Center for 2012. We had the Victory Theatre just the last few months so there is not a report on the Victory Theatre but next year we'll give you an update on that as well.

I emailed you all a copy of the report so I'll go briefly through it. I think overall, especially nationally, the Ford Center got a lot of good recognition as one off the top buildings in the United States and we got a lot of business locally. We got a lot of support and continue (*Inaudible*) throughout the entire year so I think it's achieving overall what everyone wanted it to be and I think it's nice to still be in the community and hear all the positive things and the much...you know, kind of all the concerns of a year ago are gone and it's great to already be done with a second season of U of E and finishing up with the second season of the Icemen so... how fast time flies coming over here.

So like I said before, this is just the calendar year of FY-12 and reporting to the ERC, the biggest things there are, and I have copies of it that I'll leave for you guys but a...a couple of the awards, I mean this is the booking guide for the industry. Facilities magazine, we made the cover and a four-page story on it. It's, you know, internally it's quite a success, you know, it makes me definitely see that the industry is looking at Evansville again and definitely booking and they're actually...the (*Inaudible*) of it is on the front page is "The Ford Center's Fabulous First Year". I think that's a great way to sum it up and they even wrote an article and just had a lot of great things to say about it.

Also, the other industry standard is Polestar. We were nominated for the Best New Venue of the Year, which is quite an honor, right behind Barclays in New York, the new several hundred million dollar arena. So I think to come up close to them I think is quite a statement, to even be talked about in the same breath as the new Barclay Center and Evansville's Ford Center, still in the same category I think is quite a...quite an acknowledgement. We also won the Prime Site award in 2012 and Billboard...we were listed as one of the new venues to watch so I think that's every major industry news there hit us and gave us some kind of accolade for the year we had and the facility itself.

Locally we hit a lot of the newspapers and hit a lot of the top magazines as well. I had some of those covers in there.

Over all, we had 140 days of events in the facility this year with over 491,000 visitors. So that...the number of events was right about...a little higher than expected but pretty close and the number of visitors was...we were figuring on 400,000 so to do almost 500,000 is, you know, clipping along right as we went along.

The following pages (*Inaudible*). They just gave some pictures to kind of walk you through. Probably it was more for my entertainment than yours. I mean it was amazing to kind of...when you look back through those...to remember some of the events we had including, you know, Jeff Dunham, Elton John, Lady A, and Eric Church. You know we did the Guns N' Hoses there which was a good success. Cirque du Soleil...so that just kind of...as we went through that year, it seems like such a long time ago but it was all earlier in 2012 we had all those roll through.

If you are looking at some of those, I break it down by "Type of Event", "Attendance by Event Type" and by month just to give you a comparison and kind of what to rate. It's a pretty good snapshot of how the future will continue as well.

I think you've heard me say before, it's about the first quarter, fourth quarter, second quarter will be alright and the third quarter, you're always going to see quite a bit of dip in attendance. I mean that's just the way arenas run. But...so I think the numbers kind of represent what we've been saying and I really believe that will continue in the future.

Once again, I included a map, including...we traced zip codes, then we tracked where people are buying, I think one of the stats was even higher than I thought it would be was 49.3% of the ticket buyers traveled more than 20 miles to attend the Ford Center, so when we start talking economic development, I mean I know that's...it's one of my key words has been trying to reestablish or continue the Evansville being the hub of the area. That shows that almost 50% of the ticket buyers are coming from 20 miles out. And once again, that means they're stopping, filling up with gas, eating dinner in Evansville, which is the overall goal.

We hired Hunden Strategic Partners to conduct an economic impact study for the Ford Center and use the input/output modifier, with is a pretty industry standard for any kind of economic development, not just our industry. They have the direct spending economic impact of...for in this year of \$39,000,000 with total earnings of over \$12,000,000 for wage earnings. So I think that's a...you know, I think it's hitting the mark and I think, once again, achieving where we want it to be and what we are trying to achieve.

After the season, we did a survey. We sent it out electronically so no one was kind of forced or inconvenienced and we had 1189 completed surveys sent back, which I thought was quite impressive. I think that gives us, you know, a pretty good base on what people are thinking, what things we can do better. And we'll do that annually just to kind of get the feedback, see what things we can do better.

Overall, I think we hit some really good stats in there. You include Usher stats, we are at 96.7, Good to Excellent; Concessions: Appearance and Quality, we are at 96.2, Good to Excellent; Received Concessions in a Timely Manner: its 97% Good to Excellent.

So you know overall, I think we are hitting what we want. We'll continue to look at different ways and better ways to keep up and to always improve but overall, I was very pleased with the information we saw back on customer surveys.

We did finally get official LEEDS Silver Certification this year. I know it had been talked about but the certification came through this year so we did achieve Silver LEEDS Certification. There are not too many buildings currently that are silver certified so I think that's quite an acknowledgement to the construction and the commitment made to...all the way through construction to operations. I think that will be something that you'll see more in the future as other arenas and cities move that direction

Listed in there, you know, as part of VenuWorks, part of our...is being involved in the community. My staff has been very good about that in their off time, volunteering their time or doing their trade, so I kind of just listed in there some of the bigger projects we've done, some of the organizations that my staff has gone out and is being part of the community. That's always an important part of VenuWorks when you're in the community is to try to be part of the community and make sure you're helping the community overall. My staff has done an excellent job with that and I think 100% of the fulltime staff is at least taking part in some kind of

community involvement so... That's kind of what I expect out of my staff. I don't mandate it just highly recommend it.

One of the things we are still working on is the...we have a diversity round table. You know, from the start, it's needed to be more than country as far as music. I think we've kind of spread that to some decent rock; we've done some other stuff. Still trying to hit some of the other areas. We have a round table together; I listed that commission there. I would have liked to have been a little further along, to be honest, but I think we are definitely in the good movement structure here and you'll see more things to come this year as it kind of gets organized, and actually, some of the promoters and the agents, I think we've proven that we can do other genres and so they're a little more willing to spread that out and try some more areas as we continue on this year.

A lot of effort has been put in this year. Again, the internet and social marketing, you know that's just the way the future's going to go. Put some stats in there. I think we're doing very well at keeping you up...you know, we're on facebook and the website and that continues to be a more and more important part of marketing as that develops and changes. You know, we're on top of that, looking at it, just trying to see where that will go and we'll continue with that, as it's been a great source of marketing. There are certain shows now that we...especially at the Victory Theatre we had a show that came up and we were 50% sold before we spent \$1.00 in advertising just through social media so, you know, I think that really shows that the old standard ways of advertising may be changing and we're there. That was quite a...quite a big change from the past. I think that ties into also that, you know, we're working with Ticket Master. Over 50% of the tickets now are purchased by the internet, so half our ticket sales are now right through the internet, which is a growing trend and I think that trend will continue as far as the way we sell through all the different outlets and through the box office.

So I think that when we continue...this year we sold over \$8,900,000 in ticket sales. Obviously, a lot of that goes to the bands and that but I mean it shows you the volume of tickets that are going through that building. You know that...I think that's definitely one of the higher buildings up in the region, especially in the secondary markets, there are not a whole lot of buildings doing almost \$9,000,000 in ticket sales, which is quite an accomplishment, and that's also what helped us win, or at least be acknowledged in a lot of the trade magazines, is doing that kind of volume in this market.

Food and Beverage...once again was a high...high concentrated area of work that we wanted to do in that first year. Just as far as comparisons to the past, we did over \$2,700,000 in concessions and catering sales. That per caps up from concerts to basketball and hockey has been strong nationally compared to it. I think it shows that our food quality gets high marks. We get a lot of compliments, and people when they come, really shows that they're willing to eat at the facility, which is sometimes in the arena business is a tough sell. But I'm very proud of our quality we put out and the concessions we serve.

Premium Services...suites and loge seats continue to be sold out. Most of those are on three and five year contracts. Even this year, we added a couple of different premium seats due to the demand, we're pretty much sold out of those, and we are doing some different things to maximize the revenue. I actually even keep a few seats back now just to sell at events, just due to the demand. But that continues to be a strong source of revenue. And when you include in our premium seats, the suites and sponsorships, we're totaling over \$1,820,000 in revenue, which once again, is a very large number for a facility of this size and a city of this size and it really just

goes to show you the community support and the positiveness of the community. I think they're very happy right now and I think we can resign a lot of these and don't see a first year honeymoon. We're getting, you know, a lot of sponsors and actually I think we're over....over delivering and I think that's an important part to collecting, you know, when you're asking that kind of money for a spot, suites and sponsorships. I think we are doing a great job of over delivering and that should result back into continued sales in the future.

Then also, I just kind of list out the partners there that we have. For 2012, I listed out there a chart just showing from where we were at from budget a year ago, and the budget was actually done prior to opening so obviously you are kind of running with budget numbers that were unknown. I'm glad to say though that we almost doubled the operating revenue that we had, and our net arena operating profit was also about double so I think we're hitting those marks where we want to be at the current stages and, I mean, I'm very proud that we produced those numbers that we wanted to do with over...with the revenue really driving the (*Inaudible*) in that.

Over all for the City, when you combine in City expenses as well, we were under budget there by \$19,000 so I think that's an important part to also hitting the overall budget for the City itself and we did achieve that in 2012. Realistically, the question is can it continue and my answer to that is yes. It should be...actually 2013 probably will turn out even a little better than 2012 and there's not a whole lot of arenas, especially coming out of such a strong first year, that could say that. I'm happy to say that 2013 should be even stronger than 2012 and I think for the long term, three to five years out, it's a good market, it's a good ticket buying market and the shows will continue on coming here. I think, you know, overall, we're moving in the right direction and we'll continue moving in that direction.

That's kind of it in a recap, briefly. Probably open up more for questions that you may have or have heard from your constituents.

Councilman Friend: Scott...

Councilman O'Daniel: Yes, obviously, a lot of things have surpassed all our expectations but we still ran an operating deficit. Where can you, I mean, I'm not sure if an arena is supposed to break even or make money but...in the grand scheme of things...but where can we look to maximize efficiencies or, I mean, I think when you came to us back six months ago, you talked about the computer services contract being triple what you would otherwise handle at a like facility somewhere else and maybe cut back on some of the traffic; getting people out of the stadium. Where can we achieve some of the savings that might help maximize or at least reduce the burden?

Scott Schoenike: In regards to the computer contract, the City is in the middle of a contract right now so that might be a few years before we can do anything dramatic in that. As far as the other savings, a lot of it is just going to be, you know, basically nickel and diming back down to, you know, can we save an extra \$100.00, \$200.00 on ushers, can we do things more efficiently and that just naturally happens. That first year, I know from the ushering standpoint, we were probably a little overstaffed. You know, the second year in we probably know better, you know, where we can cut ushers, where we can keep that to a minimum. Just overall, when you are doing an event for the second time, it's just much easier and we should be seeing some savings through just efficiency through knowledge, including, you know, almost every event there I think we are doing a better job at it. So that's where a lot of that will come from. When you start

talking those kind of numbers, when you start talking about saving 10%, it gets to be quite a number just by volume so I don't think there has to be any drastic changes; it's just being more efficient can draw a lot to the bottom line.

Councilman Friend: Steve...Scott, excuse me. Talking about your boss. Sorry about that. Do you believe...I know there was some confusion in a way because we had a discussion about this; the way the accounting numbers are coming...we got some coming in from the Building Authority. You know, it seemed to be a little cumbersome. Would you like to try to get that changed where we have better...I just think the way the numbers come in to you seem to be strange.

Scott Schoenike: It is a unique circumstance the way they came in. One of the big changes we made this year is that we've kind of taken the City paying any bills out of the mix right now so that we now pay utilities and we pay computer services. So we've taken some of those. If nothing else, at least cash flow and organization, I mean, it nets out the same but at least, if nothing else, I feel that we can have a better, watchful eye over the bills instead of...you know, when we see the bill, we can react quicker to it. We can be paying attention to last years' utility bill compared to this year's bills and seeing what we are doing so some of those will naturally happen. And then you have the Building Authority, which does changeovers and conversions.

So at least we are down to two fractions putting numbers in so it should keep that much simpler at least.

Councilman Friend: Do you feel comfortable that we got all the expenses captured in these reports?

Scott Schoenike: Yes, actually I am fairly...we...there's a lot of time spent on those that, you know, that I know at least from my side that this is all the expenses and I'm fairly confident in the other, the Building Authority expenses, that they, you know, they're not too far out of whack for what they spent tracking that so I don't think they're...there shouldn't be any major changes. And currently right now we are going underneath...undergoing the audit for 2012 so that should be completed, now that we have the auditors in so give it another month or 45 days and the audit of 2012 will be completed as well so...

Councilman Adams: In your report, which I thought was superb, you said your target was to try to reduce 10% so obviously you're going to do it in various, different places. If I recall correctly, the Roberts Stadium last year served about 119 nights so you are being able to generate obviously the hockey team helped. A hundred and forty your first year and I think it's great. And I really liked your report. It was very...I could understand it. I would commend others to use it.

Councilman Weaver: So I like pictures...

Councilwoman Brinkerhoff-Riley: Mr. Schoenike, thank you for appearing. I was also at the ERC meeting so I heard some of it. I have a few questions. One of which, you stated in front of the ERC that we don't have a fund for capital repairs or improvements in issues like if you've got a leaking roof. We've got to make determinations about where do we fix that. Do we fix it at year three, do we fix it at year five. What repair...are there currently capital issues in the sense of repairs or replacement that needs to be done and, sort of, how do you envision, since we

are operating at deficit in terms of building up that fund for when the roof does have to be repaired.

Scott Schoenike: Funding sources can be done a lot of different ways and that's probably the first step...I'm starting to look at it now. As far as there are current ones, large ones out there that we need to do now, but obviously after even a first year of business, we can...I can watch the flooring on the main concourse level that is not going to hold up as long as I think some people want it. So I think in three to five years, that flooring is going to have to be replaced and that's going to be a, you know, when you start talking into, you know, seven digits, you know, those are things that I don't want to come here in two years or three years or come here and all of a sudden hear there's a million dollar project here and everyone be surprised. So kind of why I'm introducing that now to say there are certain things that, you know, maintenance-wise will need to be done. And the other thing you also need to look at is in the future...not necessarily that they are million dollar things but there is a lot of equipment and things...technology changes and that. If you're not keeping up to date on that you're slowly going to fall behind and, you know, those probably aren't million dollar things but they could be a hundred thousand dollar things so...most of them are probably smaller, you know, \$75,000, \$100,000 pieces of equipment or modifications or improvements but even so, it's...you can't undertake those in the operating so how are we going to look at that in the future and it's, well, it's being prepared rather than kind of coming in two years from now asking for a lot of money or saying we're way behind. We can try to keep ahead.

Councilwoman Brinkerhoff-Riley: Okay. In your manage...and I'm...this is just...I don't...maybe I just don't understand sort of what you have the power to control in your management position. But as the...the computer services contract comes up. As the safety, the law enforcement contract comes up; will you have the power to bid those out or to negotiate those contracts yourself?

Scott Schoenike: It depends on how the City structures it. Currently those are City contracts.

Councilwoman Brinkerhoff-Riley: Okay.

Scott Schoenike: That...but it can be granted for me to have the control, at least have say in that meeting probably. So does it have to be me to sign it or does it just have to be me being in the meeting, helping whoever makes those decisions kind of have a better knowledge base as what would be more norm.

TAPE CHANGE

Councilwoman Brinkerhoff-Riley: Are we still paying for fire watches?

Scott Schoenike: Yes, we have a fire watch at every event.

Councilwoman Brinkerhoff-Riley: Is that...is there some sort of problem with the building or is that just simply the vol...to help people get out if there is an issue? I mean, I guess I never understood why we ended up with fire watches.

Scott Schoenike: That is something that the Fire Department has mandated for us to do. Very typically we'll have fire watches if there is pyro or if we're using the building out of compliance.

So it's...you know, there'll always will be some need for a fire watch but not for every event in my opinion.

Councilwoman Brinkerhoff-Riley: Well I know I attended the Motorcycles on Ice and when the...

Scott Schoenike: That might be one that needs one.

Councilwoman Brinkerhoff-Riley: There were the pyrotechnics and I obviously, immediately thought of all of these nightclub horrific accidents and thought, "Oh my God, I need to sit close to the door". So I understand.

Okay, my last question is the same deal in terms of do you see...we keep hearing sort a...this is also rumor so it may not be anything but there is this push for you to be able to independently bid out who's doing your changeovers. Is that really...is that something you're interested in? Do you see that as a place to reduce costs?

Scott Schoenike: There is a lot of different ways to do it and the City just needs to take a look at it and decide how they want it structured. I mean there are certain things that are in there that would be looked at. That definitely is one of the higher costs but also there are other aspects to that. You'd have to take a look at it.

Councilwoman Brinkerhoff-Riley: Yeah and I'm frankly a Teamster supporter and I'm just trying to facilitate a conversation about...does the arena have to be profitable in my personal opinion? No. I mean it has such an economic impact so it's not that I'm pushing you to somehow save more money but this idea of the capital projects down the line is where I get concerned about where can we find the money to be putting something aside every year.

Scott Schoenike: I think that would be the one main thing that you've got...the capital projects in the future will happen. I mean that's the one, you know, not how much, and that may vary a little bit, but I mean it's something that needs to be thought about and there is no sense in not thinking about it.

Councilwoman Brinkerhoff-Riley: Right.

Scott Schoenike: So that's kind of why that was on my list of things to accomplish this year just because yes, we, you know, need very little now but it will come and it's just a matter of time so...that's kind of why I was hired.

Councilwoman Brinkerhoff-Riley: I appreciate your being that forward thinking.

Scott Schoenike: But as it currently is, is the building falling apart? No. Do we need a *(Inaudible)*? No. This will be future, down the road, two, three, four years.

Councilwoman Brinkerhoff-Riley: Thank you.

Councilman McGinn: Scott, I have a few questions if I may.

President Robinson: Yes

Councilman McGinn: Thank you. Did I understand correctly, and I hope I did, you are preparing a list of capital projects and the probable year when X piece of equipment will need to be replaced and (*Inaudible*) concourse flooring and all of that?

Scott Schoenike: Yeah. We have a, you know, gradually there's a few projects that we're keeping an eye on that we can (*Inaudible*), you know, improvements and modifications would be, you know, the easiest ones to do and that just needs to be prioritized with the mandatory ones and as you get two, three years down the road the mandatory one will probably jump faster ahead of the, you know, the wish list and the want list and the need list...three different lists.

Councilman McGinn: But will there be a list generated that maybe this time next year we can actually look at?

Scott Schoenike: Probably, yeah. I mean, you know, it kind of depends. You know, like I say, the flooring is one but there are other issues that we're just watching so I mean, some of it's right now. And only being open 15 months we're still watching probably more than, you know, maybe the floor will wear differently maybe, you know if it kind of levels off, you know, so a lot of these are just watch issues right now before...you know, we're not bidding them out, trying to figure out...now we are just kind of looking and also maybe the discussion points of maybe just repairing, replacing some with the high traffic area with something different and not replacing the entire floor and that's, you know, that's what you have us for is to kind of take a, you know, an operational, common sense look at that.

Councilman McGinn: Okay, but there are some industry standards and some past venues you could look at. I mean, obviously a refrigeration system has a life expectancy of X years. You know you're going to have to replace that in what, four, five, six more years, whatever. Computers, you have a computer program. You have to turn over your computers, your hardware, and your software...you kind of have a figure on that based on industry standards, do you not?

Scott Schoenike: Right. And some of that stuff even, like say computer software, it's gotten to be now where I look at that almost as an operating expense and I'll actually have my...our computers and our software on a four-year rotating plan that fits the operating. So that's even the stuff we take a look at going...you know it just makes sense to continue 25% new computers a year just to update. In four years, basically, the (*Inaudible*) of the software. So...you know, but that's, you know kind of how we take a look at it, prioritize it, and also knowing in the future that capital money is sometimes hard to get.

Councilman McGinn: It is hard to get. I mean its River Boat funds. It'll be competing with the arena payment. It will be competing...I mean, lots of things, so any information you can get to us that will give us a number that will be needed for capital improvements so we don't just sit here on our hands and watch that building decay, would really be greatly appreciated and probably benefit all of us. So anything you can get us...you know, future maintenance, capital cost, I mean I really, really would appreciate it. That would be great.

The other thing also is a quick question here on the security contract that came with the stadium, or the arena, when you took it over. Is that something that...is that average in the venues you have? High, low, how can you...

Scott Schoenike: Well currently you have security inside and security outside.

Councilman McGinn: Correct.

Scott Schoenike: Inside we've kind of managed that down to be *(Inaudible)* of the industry standard and then this last second half of the year, I know even the outside has been managed down quite a bit so I think we are in pretty good shape as far as some of those alterations and changes and, you know, as far as even, once again, that learning curve of knowing what events we need it. So I think even that outside security, inside security, pretty much...I think you know, we've made those adjustments and I think *(Inaudible)*.

Councilman McGinn: You have power to adjust and work within that contract.

Scott Schoenike: Yeah they work with us, yeah, and then the Building Authority, you know we work with them on that so it's kind of three-way partnership on working with them.

Councilman McGinn: Alright, great. Thank you Scott.

President Robinson: Any other questions from any Councilmember? Is there anyone in the audience?

Councilman Lindsey: One question. When do these contracts with the City expire? What's the length on them?

Scott Schoenike: The computer one is the...it's the City master one so I think it's three years out. And the other...the outside security one is not a City contract so it's really...that's why we have a little more latitude to change that a little quicker.

Councilman Lindsey: Okay. Alright, thank you.

President Robinson: Anyone else?

Councilman Friend: I'm just asking. Was it your opinion that computer services can...about 50 grand a year is what you've normally been accustomed to in other venues?

Scott Schoenike: *(Inaudible)* number

Councilman Friend: We are about \$115,000 heavy in that end looks like to me.

President Robinson: How many years did you say was left on that?

Scott Schoenike: I think there's three years left on the City. It's tied into the City master plan or the master contract.

Councilman McGinn: *(Inaudible)* a contract which paid a nice capital improvement fund, don't you think?

President Robinson: Okay, thank you Scott. Keep up the good work and we appreciate you coming by.

Scott Schoenike: I'll leave these magazines over here if you want to take one.

President Robinson: John, *(Inaudible)*.

Councilman Friend: What's that? Oh yeah. Yes, I guess...go ahead.

Councilman Adams: Can I interrupt you?

Councilman Friend: Sure.

Councilman Adams: We've been talking about the Ford Center now for about 15, 20 minutes, a half hour and there is a part of that discussion that seems to be coming up and...and...in a critical political mass and that's the Ford Centers' construction books. I...it's been thrown around the City-County Observer, it's...I met with some constituents this weekend and they...*(Inaudible)* kind of rumors that are coming up and after a lot of soul searching, I, before the meeting, if you don't mind, I wrote out a motion that I'd like for you guys to consider tonight.

I make a motion that the City Council authorize Madam President to put out bids immediately after confirmation, if that occurs tonight, to seek out an independent, probably out of the City, accounting firm with forensic experience to do a limited, specified transactional evaluation on the Ford Center books during its construction. Additionally in this motion, I would like to suggest that the President and the Financial Chair determine the scope, the nature of the questions that would be examined, the time, and therefore, create a reasonable fee for a particular accounting firm with the forensic expertise.

I offer this motion for your deliberation tonight.

Councilwoman Brinkerhoff-Riley: I'll second that.

Councilwoman Mosby: I have a...could we have some discussion?

President Robinson: Yes.

Councilwoman Mosby: I guess I'm confused as to why you're doing this motion because I'll be honest, I don't read the City-County Observer I'm really not familiar with what you're talking about. I haven't seen anything in the Courier & Press.

President Robinson: We have a motion on the floor and a second. Now we are opening up for discussion then. Okay, lets...

Councilwoman Mosby: Could you explain to me why we need this?

President Robinson: Okay, let's keep it in order. Councilman McGinn please.

Councilman McGinn: Yes, timing wise, and again, I don't know the answer to this, but isn't some type of audit being done by State Board of Accounts right now. Is that correct? Is that...do you know John, is that on *(Inaudible)*.

Councilman Adams: Well part of the problem with that particular review is that that particular individual, I understand, does not really have forensic expertise and what's being said, I think we need to confirm...there are some heavy rumors out there. It's being thrown around as the "Fraud Center", which I don't think is very funny at all. And I would like to see, once and for all, this particular body put this to bed one way or the other and I think we need to deliver value. I'm not asking for a formal forensic audit. I'm asking for various questions that have come up. You and I spent a lot of time...whether that cap of \$127,000,000 was kept and yet there are a fair amount of rumors out there that it wasn't kept. So this is the reason I brought this motion up.

Councilman Weaver: Are you basing this on rumors or do you have any facts.

Councilman Adams: Well the ERC, I understand, about a year ago gave a sizable sum to Mr. Kish after the completion of the building. Yeah, this is more than *(Inaudible)*.

Councilman Weaver: Well what did his contract say?

Councilman Adams: I'm sorry?

Councilman Weaver: What did his contract say?

Councilman Adams: I can't hear you sir.

Councilman Weaver: What did his contract say?

Councilman Adams: This has nothing to do with his contract.

President Robinson: I get...I think what Councilman Adams...let me...I think you're saying that the cap was at \$127,000,000 and we know Councilman McGinn was very adamant about that that we don't go over \$127,000,000 and the community is thinking that we went over \$127,000,000 and there are some other things that you would like to have looked into and it needs...it requires someone with forensic experience to do it I guess. And Karla, they're saying that she doesn't have, I guess, the State Board of Accounts doesn't have anyone with forensic experience.

Councilman Adams: Is he...is he part of this discussion?

President Robinson: Well he's...

Councilman Weaver: He is the Controller.

Councilman Adams: I'm sorry?

President Robinson: But you know okay, and he is the Controller but I guess what he's saying, Councilwoman Mosby, as we are into this discussion, this would come from the contractual services that we have in our budget.

Councilman O'Daniel: And we have what, \$80,000 left in there?

President Robinson: A hundred...yeah, we have \$80,000 left in there.

Councilman O'Daniel: Obviously, we wouldn't be wanting to use near that amount.

President Robinson: Oh no not that. But do you have anything to con...do you have something you wanted to say?

City Controller Lloyd: I was going just going to offer...the State Board is doing that examination now of the construction of the Ford Center and I know Karla Giesler has looked at the construction contracts. She's also matching expenditures with contract provisions.

Councilman O'Daniel: But isn't...

City Controller Lloyd: What I wanted to point out was we've got a list of say five or six items that we have to provide her. She is about finished. I would anticipate...

Councilman Adams: Russ, I am aware of that and it's come to my attention that she just...if a heart surgeon tries to do a hammertoe, he gets in trouble. When a foot surgeon tries to do a cardio-pulmonary by-pass case, he gets in trouble. We...this lady is, I'm sure, a very adequate person, a wonderful person but she is not a forensic accountant.

City Controller Lloyd: Okay, I...

Councilman Friend: If I may add, I mean, she actually admitted that that her forensic abilities are not to that level. I mean, she's a very capable examiner. She's examined the City now, I mean, for a number of years but I don't know. I guess if the Council was considered to be specific about trying to review, probably the cost of doing that wouldn't be extravagant. It might bring us some insight on whatever way we...this Council thinks we need to go.

Councilman O'Daniel: What...what would...what's the...I'm just asking...what would be the point? Is it to look for fraud, is it to confirm the 127 number, or is it to do a selective, just a...you know, we've got five or six questions, 10 questions, whatever it may be, and we look at those and make sure they mesh with what the reconciliations show? I mean...

Councilman Adams: The reconciliations have nothing to do with this but that's a City issue. We'll get into that in spades in just a little while. And I'm aware of...thank you for letting us know that, I'm aware of that. There are certain questions that have come up though that really need forensic expertise. And what I would love to do, with value, is put this to bed, one way or the other and one of the jobs of a legislature is to do this exact thing and an oversight and so forth, and I would love for this City to have this Mickey Mouse stuff that's floating around either have traction or not.

Councilman Weaver: What's an example of a question that you have that you need to be answered, that you need to have answered?

Councilman Adams: Well I just gave you one but I guess you didn't listen very closely.

Councilman Friend: I had...I've had....

Councilman Weaver: I want you to repeat it. I'm asking you to repeat it please.

Councilman Friend: I can say this...

President Robinson: One person at a time. Okay, Councilman...

Councilman Friend: I've actually viewed some transactions. It's not...it's just the way the transactions go down. Normally when you're going to transfer some money, usually it's in a one lump sum; it's usually not bifurcated. It's usually not...you have a certain amount of money went out a certain date and then there's certain individuals normally responsible for those, happened to be off that particular week when that goes down. And then you have other amounts go out later. And then other amounts stay in there for another year or so and then transfer it out.

It's a...it's a pattern that I guess that some of you ask those questions. Where do you go with that? You got some underlying funds. Administration's indicated there wasn't any funds beyond a particular band, band one, band two, and there was, in fact, there is funds beyond that.

A lot of transactions and even the State Board of Accounts indicated that there was a lot of...hmm...money's being transferred from one account over to the other. TIFF fund was part of our equity funds. Actually, why would you refund that back in. That's equity. It'd be like you just bought a home and all of a sudden you go back home to get a check sent back to you for your equity in your home.

Those things...those particular transactions, I don't know. I think that's where Dr. Adams is going with some of this. I think so. If it's limited, specific in nature, shouldn't be a large sum of money I don't think Dr. Adams.

Councilman O'Daniel: What would that be? Would...I mean, your experience...your experience.

Councilman Friend: Well the last time I did some...we have...I have a, in my organization, I have a Certified Forensic Analyst. It can get...it can get protracted if you go into the full-blown thing. I mean you can go through 15, 20 grand very quickly. But if you try to narrow it down while you're trying to look at particular things, you probably could hold that down. I'm just guessing.

President Robinson: Look, are we suggesting that you look at the different transactions and how money was wired to different accounts? Narrowing it down to that?

Councilman Friend: If certain indi...yeah, you could narrow it down. We're wanting to go beyond the waters' edge on certain things, which will require you to go outside of the parameters. You would have to go into third parties at that time, okay. If I can try to say that. You just don't stop with this particular document, you say, oh okay, fine I got it. Let's move on. You go then beyond that document.

Councilman O'Daniel: Let me ask you this. I don't want to blend this too much cause we have Dave Garrett doing one side of the audit or the reconciliation side, and the other, but do you envision this to be a completely independent person to do this or somebody who's going to work with (*Inaudible*), ERC or the Administration in order to answer those questions? I mean is this...

Councilman Friend: I think Dr. Adams what you're talking about would be a whole new set of eyes on the process.

Councilman Adams: With the expertise of course.

Councilman Friend: The expertise, yeah.

Councilwoman Brinkerhoff-Riley: And here's my understanding and why I seconded the motion. I've talked to Dr. Adams and there seems to be this range of options in the sense that we can do what's happening now, which is simply a review where (*Inaudible*) Karla Giesler?

City Controller Lloyd: (*Inaudible*) Giesler.

Councilwoman Brinkerhoff-Riley:...who I have seen emails where if she's questioning a particular transaction, she's contacting the Controller's office to do that. That's not a forensic analysis. That's allowing the person you're reviewing to help you, you know, to help you look at it and you're accepting that response. I understand. I saw an email where Karla asked you to contact Old National Bank regarding a particular transaction to get some information and that's sort of not what I imagine when I think of an independent or forensic analysis in the sense that you wouldn't work with...I mean, you would do it independently. She would have contacted ONB herself and not including the player that you're actually auditing. So we have this review that's happening right now and then the extreme opposite of that, which some people have called for, is a complete forensic analysis of the Ford Center construction aspect, which is probably a hundred, a couple hundred thousand dollars, and so the... I think for Dr. Adams and I, at least for me, I feel like we've done....if our Finance Chairman and President can identify six or 12 transactions that seemed to fall into these categories that raised question for them, then we can hire a forensic analy...have a forensic analysis done of just that handful of transactions. If the response that we get from the analysis is that there is nothing to see here, then we've gotten in and taken care of our constituents and their concerns for a minimal amount of money. I don't see any point right now in trying to pay for a quarter million dollar audit but there are enough questions that I think have been raised by Councilman Friend that I think spending, you know \$15,000 or \$20,000 to review just a snippet of those transactions to see if where there's smoke there's fire I think is the compromise that will satisfy the people that are critical of the Ford Center and its construction as well as...keep it as efficient as possible and terms of finances and so I wanted to...and that's the way I look at his motion and what it's purposed for is that it's the best of both worlds and it finds a compromise to review, arguably, the biggest project, you know, that we've done in Evansville.

President Robinson: Councilman Weaver.

Councilman Weaver: So I want to ask you again, Dr. Adams, what specific questions do you have that you need answered?

Councilman Adams: You know we all ran on transparency, Councilman Weaver.

Councilman Weaver: I know that. What questions do you have...?

Councilman Adams: This is...this is....let me finish. Stop interrupting. This is an opportunity for us to practice it. The questions have come up about a capital fund that had a bunch of money go into it, a bunch of money go out of it and not all of it went down to zero. There is a band question where the...there was thought to be no documentation. We were told there was no documentation of the money being moved around and actually, there is. The question of whether that have been other funds after its construction that went into pay for...was the cap kept on it enough...I'm not a...I'm not an expert but I...you know I've got a lot of common sense being an old person like I am and I think we need to put this thing to bed one way or the other. I hope it turns out that everything is copacetic. I really do but there is enough that's been coming back to me from various, different places. I sent some of this stuff to a friend of mine who works for the DOD and he said, "You need to have this looked at". A completely independent person.

Councilman Weaver: So Mr. Friend, in your...accountant...

Councilman Friend: Well, let me give you...let me...

President Robinson: One at a time.

Councilman Friend: Let me give you an example. We'll probably spend \$800,000 out of the capital fund for operations of the arena. Now why would we do that? Why would that happen? We just asked that tonight. I saw it with my own eyes. I'm just saying that. Those questions give you heartburn fella, they really do. Give me that. I mean it kind of leads me on to the next point: I don't know. I'm just saying that. The question is did we violate the covenant agreement on the bonds when we (*Inaudible*) those things. You gotta remember the bonds don't belong to us; they belong to the ERA. We just lease this thing, the way it works. So I'm just used...kind of those things. I know where Dr. Adams is coming from on this. Those things are noteworthy.

Councilman Weaver: I guess my question is why all the sudden interest. Why weren't you more hands-on when this was being built since you guys were on Council during this period of time.

Councilman Adams: Well as I said in my introduction, I explained that already.

Councilman Friend: You know, really Jonathan, what happens when these projects begin, they all begin on a high note. You know that, how that goes. You really don't know how they really feather out until you're at the end of it, and they all came at the end of it, came in 11, and then when you couple the fact that our books in 2011 were less than sterling, I mean, you know, your imagination starts running. I mean, you don't know. I mean you really don't. And even SBOA made that comment.

Councilman O'Daniel: It does strike me though that, and I think I get your point that those who scream loudest, that we don't always have to run and, you know, see if there is a fire just because they may say, you know, but I think when you look at Doc Adams and John and some others who have looked at this over the course of a couple years, you know, there's that honeymoon

phase where, "Oh, it's getting built, you know, we don't have to worry about it". Over time, you learn more and as you learn more, you need to investigate as it comes forth and I think, you know, the certainty of closure is a very positive thing. We can get that behind us and just like, you know, maybe a good segue into the next thing here. But the certainty of getting the reconciliations and to get the...everything is a very positive thing, just for the Council but also for the City and so I think that's...I think that's the impetus behind this.

President Robinson: I think for us that have looked at some of the information that was furnished to us, you know, you're not looking to find anything but some of the information and the way some monies were transferred and wired at times, and on a weekend and then turned back and wired again on a Monday, there are some questions. And I think that we'd just like to have some answers. No one is accusing anyone of anything but there are some questions that we'd like to have answered.

Councilman McGinn: President, too also if I may...

President Robinson: Councilman McGinn

Councilman McGinn: Thank you. If I might throw my two cents in too, Councilman Weaver, we did try to stay on top of this but there was a different Council a couple of years ago. *(Inaudible)* we tried to set a cap on this thing and then also to get a monthly summary of what the expenses were. And every once in a while with absolutely no regularity or no completeness, we would get a report that was a spreadsheet and there were always three or four items that were estimates..."and this is going up and we'll get information later", and my own personal opinion towards the end of this project that I was very disappointed with the information. I don't think it was complete and there were a lot of things that I really wanted to question. And then, some more specifics on this, I understand that the State Board of Accounts will say, "Okay, here's a contract. Contract A, it is for X amount of dollars". And so all that they do, the State Board of Accounts accountant will say, "Well they spent X amount of dollars. The contract says it's okay". So that's all they do.

A forensic accountant will tell us whether or not that X, that amount is within industry standards and whether or not it is reasonable. Personally, I really want to find that out on certain line items, I really do.

So I'm in favor of *(Inaudible)*

President Robinson: Controller. Okay.

City Controller Lloyd: Real quick. A couple points. One of the things that we asked State Board of Accounts was the way this was funded to debt, is it in compliance with the bond indenture. So when the bonds were issued, there are certain legal things that have to be done. So the State Board that was one of the questions that they're...Karla Giesler is looking at.

And then another question that we asked was the City Council \$127,000,000 construction cap, has that been violated. So that's one of the things that Karla Giesler and the State Board is looking at.

And then I don't know the \$800,000 operating expenses that Councilman Friend came up with but that was a question that I did ask of Mr. Kish maybe six months ago or eight months ago and he supplied some information on that but that was another thing that the State Board was looking at.

So I can't say for sure when that report will be done. I suspect it to be two months or less and didn't know if you wanted to wait for that or if you...I agree she is not a forensic accountant and she indicated that this has been quite an undertaking for her. The State Board doesn't normally, doesn't do this type of audits or examinations. It's been quite a bit of work on her part and it's been a big job.

But anyway, we are going to get...we'll get a report from them that's going to list all these answers to these questions that we had originally asked and I didn't know if what you are proposing here would be a duplication.

Councilman Adams: I don't think it would be and frankly, John correct me on this, didn't you ask the Comptroller's office, perhaps not in Russ's egis, to give a documentation of a bank payment, or something like that, and they claimed they had no record of that, and then we found out that there was a record of it.

Councilman Friend: Well that was a response back from Corporate Counsel...

Councilman Adams: Yeah.

Councilman Friend:...that there was not an account beyond that and during the investigation with the bank, indeed there was another account beyond that.

Councilman Adams: In fact, you and I say that.

Councilman Friend: Yeah we saw that ourselves.

City Controller Lloyd: Well I think State Board is looking at those bank accounts as well, because they are looking at from when the arena was started in 2009 to the end of 2012, which is basically completion.

Councilman Adams: Well I guess you and I are just going to have to disagree and I mean that sincerely.

President Robinson: Councilwoman has a question.

Councilwoman Mosby: No disrespect to any Councilmembers. I mean evidently you've seen some things that I haven't seen and, I mean you know, going to meetings and talking to my constituents, this has not come up to me as...you know I haven't heard those rumors; I haven't heard that. And I'll be honest, I'm not prepared to vote on this tonight because this is really...I'm just hearing some of these issues and concerns and if we've already got an audit going, you know, wait and see what happens and not duplicate this yet.

President Robinson: But this would be an independent audit.

Councilman Adams: Yeah, this is the problem. It's not the same audit.

President Robinson: It's an independent audit from an outside firm.

Councilman Adams: It really is like two different surgical specialties trying to do different operations with each other. I mean no disrespect. It's a totally...it's a different way of approaching it.

President Robinson: Okay, I'll...I have a...okay...I just got a...people sometimes think I'm texting but people are sending me messages in the audience and Mr. Hooper just says he hasn't any Council, anybody on the Council to ask him about a specific entry and he would hope you could ask him before you hire someone.

Councilman Weaver: A simple meeting would save us \$80,000.

Councilman Friend: Well let's back up. When you looked upon it, okay, if you recall, let's go back in time here. That account we had went 14 months with \$1,434,000 number. That happened in September 2011, okay, and then in April, again from that same department, we have a \$207,000 disbursement out of there for another project. And then it was discovered again...it was transferred back in on October 4. Do you remember? I think that was the information that Cindy...

President Robinson: Reising.

Councilman Friend:...Reising was working on.

President Robinson: That \$1,600,000 is it...that she found?

Councilman Friend: Yeah. I mean that was going on.

President Robinson: Is she here tonight? Is Cindy here?

Councilman O'Daniel: I mean...I mean...I don't know, I mean Jonathan's point is \$80,000. I don't think we're talking about that kind of number but we can establish some parameters on that too. You know if it makes people feel uncomfortable (*Inaudible*).

Councilman Friend: If we're going...if...no but Conor, if this body's is going to march off to do that, you've got to get specific what you're going to do and you want to bid it out. You do not want to go into an open...come in, look things over (*Inaudible*). You've got to say this is what you're looking for...

Councilman O'Daniel: Would it make more sense then to prepare the...Finance Chair to prepare...

President Robinson: The scope of the work exactly.

Councilman O'Daniel: The scope and the questions that want to be asked...

Councilman Friend: Certainly.

Councilman O'Daniel:...and with that, you get a better sense of what the audit is likely to cost.

(Inaudible)

Councilman Friend: No, no.

Councilman O'Daniel: Do it beforehand rather than...

Councilman Friend: Oh yeah. You've got to go out and specify what you guys want to look at.

Councilman O'Daniel: Do we even need to have a...any more conversation on this or dialog on this, or can John just, as Finance Chair, prepare those and then look to bid it out.

Councilman Friend: Yeah.

Councilman Lindsey: Well we have a motion on the floor.

Councilman Friend: Got a motion on the floor to do that.

President Robinson: *(Inaudible)* for John. Okay a motion, okay.

Councilman McGinn: Just a question.

President Robinson: Councilman McGinn.

Councilman McGinn: Could I...may I ask if Councilman Adams would reread that proposal because I think it...

Councilman Adams: I think it does.

Councilman McGinn:... it may discover exactly what you were discussing.

Councilman Adams: And again, I wrote this out just before the thing and Council tried to interrupt me but I wouldn't let them.

I would suggest that the...I make a motion that the City Council authorize Madam President to put out bids, and I thought as soon as possible, as soon as the scope was identified, to seek out an independent, probably out of city accounting firm with forensic experience, to do a limited, specified transactional evaluation on the Ford Center construction books. Also in the motion, I would suggest that we authorize that the President and the Financial Chair to determine the scope, time and fees of this so...the forensic audit.

President Robinson: And that motion was seconded by Councilwoman Brinkerhoff-Riley.

Okay, all in favor say aye? Opposed?

Councilman Weaver: No.

Councilwoman Mosby: No.

President Robinson: Okay, the ayes won. Thank you.

Okay next we'll have Jane Reel from the Department of Metropolitan Development.

Jane Reel: Jane Reel, Deputy Director, Department of Metropolitan Development.

President Robinson: Okay, thank you.

Jane Reel: Good evening.

Councilman Friend: Thanks Jane for coming out. My question is I went there and I got your bank reconciliations through December and I got some questions (*Inaudible*). I went on to the Gateway and I was pulling some numbers off. I just want to try to clarify what we have here. I'm looking at...this would be fund 855, okay, and I did tie that back to \$1,312,602.50. Now you may not have that in front of you. Do you have...you don't have that in front of you?

Jane Reel: Which account is it?

Councilman Friend: This would be the fund balance of \$855,000. I mean 850...pardon me, back up. The fund is 855. The description is Arena 2010 Additional Projects, okay, and I tied that back. But the other ones I had...you also gave me two others and I think I probably...

President Robinson: Is that that spreadsheet (*Inaudible*)?

Councilman Friend: Yeah, I had that spreadsheet. I got so many numbers here. I'm going to go off the numbers on this. You gave me three of them. Okay now I tied the one back to the \$1,312,605.50, but then we had others, two others...where do those tie back to? First of all, I need to ask you that.

Jane Reel: The ones that I refer to as Series A Construction Funds...

Councilman Friend: Yes, yes.

Jane Reel:... or Series B Construction Funds?

Councilman Friend: Yes.

Jane Reel: Those are the bond accounts that we pay the construction invoices out of.

Councilman Friend: Okay now would that be 842, 843 on the Gateway reports?

Jane Reel: I don't have the Gateway reports so I don't know the numbers on them.

Councilman Friend: I happened to bring an extra with me. Here you can come up and get this one. Okay it's...would be on the second page. Okay it would be right here, these numbers in here. Trying to get a handle on this because really I think these are ERA, these are ERA funds, really are not really part of our books.

It's right here. Ah you've got two pages.

Jane Reel: *(Inaudible – Away from Microphone)*

Councilman Friend: Keep the right one, how about that. Let's try that one. Excuse me. It's right down here.

Jane Reel: *(Inaudible – Away from Microphone)*

Councilman Friend: It's...yeah, cause I couldn't tie those back. I was trying to find those on the Gateway. I got the \$1,312,602.50. Well I mean I did get that one. That's the one that's 600 thou...I mean the 1.6 million landed in, I believe.

Jane Reel: *(Inaudible – Away from Microphone)*

Councilman Friend: Yeah, yeah, it would be. Yeah cause I couldn't tie them back.

Jane Reel: *(Inaudible – Away from Microphone)*

Councilman Friend: It's like some people say, they were not jive.

Jane Reel: Well you're right. They're not. So I don't know what this Gateway report is ran from. Is this a MUNIS report or is it a...

Councilman Friend: Well, Russ might be able to tell you. He posted these.

Jane Reel: Okay, he's referring to these.

City Controller Lloyd: Those are bond accounts. That's not construction.

Councilman Friend: I just...only just asking. I'm not saying...

Jane Reel: So they're not going to match necessarily, the construction accounts at ONB. At Old Nation Bank *(Inaudible)*.

Councilman Friend: But what account were they tied back into? I'm just curious. I'm just trying to get educated here.

Jane Reel: Would those be the accounts for the bond payments?

City Controller Lloyd: Yeah those construction are not going to be listed on the Gateway.

Councilman Friend: Okay.

Jane Reel: You're not going to be able to tie them.

City Controller Lloyd: We can get you...

Councilman Friend: Let me ask you, who owns those funds?

City Controller Lloyd: Evansville Redevelopment Authority.

Councilman Friend: Its Authority. Okay, and...this has been a problem with the State Board anyway because we have account 842 and 843. They usually...I even circled that. That really shouldn't even be part of it according to sources I'm talking with.

City Controller Lloyd: Okay. Yeah I'd have to look at that (*Inaudible*). Okay. I mean I'll have to double check but anyway it's looks like this was pulled off the Gateway.

Councilman Friend: Oh yeah. Just...ink is just barely dry on it.

City Controller Lloyd: I mean we report those but those are Redevelopment Authority funds, really not the City of Evansville.

Councilman Friend: Well, I was just trying...Jane I was just trying to tie it back. I mean, I got one; I got one out of the three. Going to get the other two. Maybe give me a response tomorrow where that might be? I mean...

Jane Reel: But think you are looking at apples to oranges.

Councilman Friend: That could very well be.

Jane Reel: They don't think that these are the same...

Councilman Friend: Okay, let me ask you..

Jane Reel:...accounts that I gave you.

Councilman Friend: Okay, when did the bank rec, you went back to every meeting at the ERA, okay, you vouched those back.

Jane Reel: Yes.

Councilman Friend: You vouched those back and you vouched...

Jane Reel: We vouched every invoice on every voucher that ERA approved to...

Councilman Friend: You vouched it back to the invoices and you vouched it back to contracts. Either one or the other.

Jane Reel: We matched vouchers to payments made that showed on the bank statements.

Councilman Friend: Okay fine, cause like I said I didn't pick up...when I picked all that up the other day I didn't have the bank statements to go with it so I couldn't tell.

Jane Reel: Do you have them now or do you still need something.

Councilman Friend: No I don't have them. I'm blind on that.

Jane Reel: The bank statements?

Councilman Friend: Yeah, I don't have any of the bank statements.

Jane Reel: I sent October through January...or Jean actually sent them.

Councilman Friend: I don't know...

Jane Reel: Well we'll make sure you get them.

Councilman Friend: Well that's fine, I mean I appreciate it, okay, but *(Inaudible)* good, appreciate that. Thanks. Thanks for coming up. I just wanted...

President Robinson: Are you the one responsible for record filing or DMD or what?

Jane Reel: I oversee see the reconciliations. I don't personally do the reconciliations. My finance staff does that.

President Robinson: Okay.

Councilman Friend: Who normally did these along the way? And in fact, you had to had somebody do more of it, the majority of it.

Jane Reel: Currently it's my Finance Officer, Lisa Angermeier does the reconciling.

Councilman Friend: Did Cindy do these before?

Jane Reel: She has also contributed to reconciliation.

Councilman Friend: Okay, okay, that's what I want to know. Thank you, appreciate it.

President Robinson: Thank you.

Councilwoman Brinkerhoff-Riley: I've got a question real quick that since you're here, I'll go ahead and ask you. Has there been a change in policy on the Community Development Block Grant funds being used for trash removal?

Jane Reel: Yes, there has been. That is not considered by HUD to be non-public service activity. They consider that to be a public service activity and our cap on public service on Community Development Block Grants is 15% and that's the funds that we pass through to all the social service agencies. We can't afford to do the trash and debris removal and provide all the social services that we provide as public services so we are going to have to look at a different method to get that.

We would like to bring a finance ordinance to this body to approve using the same amount of money that we were going to give Building Commission for trash and debris removal and use that for other services that are not public services, according to HUD.

Councilwoman Brinkerhoff-Riley: Okay so if somebody like Ben Miller won't have a decrease in his operating budget through this policy shift; we'll just find other...you'll exchange the fund.

Jane Reel: No, we'll *(Inaudible)* finance ordinance *(Inaudible)*.

President Robinson: Have you awarded HOME dollars yet.

Jane Reel: For 2013 grants?

President Robinson: Yes.

Jane Reel: We did that, yes it's a budget process...

President Robinson: No but what you brought to us at the budget time because you were in a rush, you brought the total dollars but you did not...

Jane Reel: Yes, I came back.

President Robinson: No, you didn't come back with a list of projects I don't think.

Jane Reel: That's 2013-15 I believe...2012-15 I believe allocated at *(Inaudible)*

President Robinson: Send me a copy of that *(Inaudible)*.

Jane Reel: I sure will.

President Robinson: Thank you.

Any other questions.

Councilman Friend: *(Inaudible)* be great, thanks. Appreciate it.

President Robinson: Jenny Collins please. Thank you Jenny. I guess the Finance Chairman has some questions.

Councilman Friend: Yeah Jen, what I was noticing, one thing, in the bank reconciliations that we eventually got on, kind of what I call it, the Leg II, received on Sunday from I guess Mr. Hedden. Okay, there's an exact number. It's 7,000,000. It's a total of \$7,000,000...this is kind of hitting at the end. There's probably going to be a number...well it was really that part of that October thing, and it comes in to be \$7,500,000 and some change roughly. Did...because it's exact number, these transfers are going out...

Jenny Collins: Was that the email that I believe you emailed Allen Mounts, my boss, some questions on transfers and I followed up with an email to you with supporting documentation about the transfers? Is that what you're referring to?

President Robinson: The methodology *(Inaudible)*

Councilman Friend: Well first of all (*Inaudible*) methodology because like I said...did you not have a work paper on that or some type of back up behind that transfer?

Jenny Collins: The transfers themselves?

Councilman Friend: Well the big one was \$7,400,000 that went out. What I was asking for is with those exact numbers, generally you would see some type of a work paper. It would have schedules or something to be exact about those amounts. What I thought was strange about all that, cause I went back in...I did send an email out, this was on March 5 and this went to Allen of course and it said (*Inaudible*) to reply and I said that I guess Jim Cameron was working on this, and this goes back to April and I just kind of said the City plans a transfer in utility reconciliation balances of funds of...in April of 2012. The last transfer was already made and obviously, this Cameron, you know, he would know...he had to know what the City policy was and I put down surely, even though obviously I said he wasn't clairvoyant, therefore Mr. Cameron must have had a written published...something published by the City that made him aware of that. I was just asking what the plan was, some type of documentation on the plan.

Jenny Collins: We've been working with Umbaugh on the reconciliation for the City...

Councilman Friend: Sure, I understand

Jenny Collins:...which included the water and sewer utility funds so I probably need to refer to Dan Hedden as far as Mr. Cameron's email that you're referring to.

Councilman Friend: Well I mean what I'm saying...do we or do we not have a work paper behind all these funds, these numbers?

Jenny Collins: Yeah.

Councilman Friend: I'm just asking the question because I mean that's...that's going to be the question probably by (*Inaudible*) somebody later.

City Controller Lloyd: Dan from Umbaugh.

Dan Hedden: The dollar amount that you're referring to represents the computed dollars that would have remained in the City's treasury on the date the Controller's office opened the sewer operating bank account and we purposed the water/utility operating account.

Councilman Friend: Right.

Dan Hedden: So at that time when those accounts were open, the accounting and reporting for the Water & Sewer utility migrated to these new bank accounts. Not all the money that was in the treasury moved at that time so what we did was when we computed everything, we computed back to those totals so that those dollars represent the dollars that were in the City's treasury as of the date that the money was moved that needs to be moved over into the water operating account and the sewer operating account.

Councilman Friend: So basically when I go back and I look *(Inaudible)* total the monies and I do appreciate the utility department. They gave me copies of bank statements and I'm diligent at going through, looking for all those transfers cause they pop up; they're pretty easy to see. I mean you see big money going out. One of them is in June, I think June the 1st I think there was \$3,000,000 in that line item.

Dan Hedden: That was the seed money.

Councilman Friend: That was seed money that went out so we...what I'm wondering about is, obviously, can we...we this Council by way of this...my Finance Chair here, get a copy of work-paper.

Dan Hedden: You actually have...

Councilman Friend: We do?

Dan Hedden:...the way that it was computed within the work papers that we've already given you. *(Inaudible)*

Councilman Friend: *(Inaudible)*

Dan Hedden:...we've gone back and once we've reconciled everything, we know the difference between the water, sewer and City, they all net out to zero so we know that the dollars that are in the City, those portions belong to the utilities. It's just simple math.

Councilman Friend: I know but I'm saying...I'm a little bit curious about cause we got legacy funds here. This has gone on for years.

Dan Hedden: Elaborate.

Councilman Friend: Well we've surely got legacy funds cause all this...

Dan Hedden: Legacy funds are in City treasury accounts.

Councilman Friend: Oh I get that but what I'm saying to you is this, along the way, because this has gone on for years, big pot, huge pot called treasury. Everybody, a lot of money in there. So begin there, we have to reconcile obviously back to our fund balances that we have, you know, cause really what really I notice this, and there might be an explanation for this cause when I go back and look at the...what's just been posted on Gateway, there was a drop of \$17,000,000 that dropped out of the...that we have \$17,000,000 less than, in the combination of funds 06, 07, 08, 09, 641, 643 and 632. You remember this is part of that question I asked you why did you collapse those seven funds into two beginning at the time because it does make it very interesting because I got zeros and the beginning period of time but then they're broken out at the end.

Dan Hedden: Several points there to explain.

Councilman Friend: Yeah.

Dan Hedden: One, your...

TAPE CHANGE – LOST VERBIAGE

Dan Hedden:...balance. However, because the State Board of Accounts needs this as cash basis reporting, it was determined that you need to go back to the individual funds for the utilities. These are all facts.

Councilman Friend: Right.

Dan Hedden: So one of the reasons why the balances may have dropped...the funds that you listed, if you'd repeat them again...606, 607, 608, 609...

Councilman Friend: *(Inaudible)* I'll give you exact *(Inaudible)*. We had \$53,000,000; we're down to \$34,000,000.

Dan Hedden: Is that a construction fund?

Councilman Friend: Well I don't know. I'm just asking.

Dan Hedden: Well which...what's the fund number?

Councilman Friend: Well no, what I'm saying is you gotta...the...okay but the first one, you got the State Revolving Fund, which you would never liquidate those cause that's dirt money. That's cheap money. You'll never go out and liquidate those. And that's showing, I'm showing that as being liquidated at the end of the year. We'll have to have something really great going on to do that.

Dan Hedden: The State Revolving Fund...

Councilman Friend: We got the 2000 State Revolving Reserve Fund, goes from, 13, \$14,000,000 down to zero. I don't know. I'm asking that question.

Dan Hedden: The State...

Councilman Friend: I'm just asking the question. I don't know.

Dan Hedden: The Waste Water Utility has a reserve fund at the Bank of New York...

Councilman Friend: I know it.

Dan Hedden: *(Inaudible)* it has a little over \$10,000,000 in there.

Jenny Collins: Which I sent to you, it's fund 643, I sent that today, or Allen...via Allen...

Councilman Friend: I did but I...because...

Jenny Collins:...sent you a copy of the bank statements from the Bank of New York.

Councilman Friend: I got those in and I'm sorry to say that it was late in the afternoon and I didn't have enough chance. I've got them back in my office.

Jenny Collins: But if you...

Councilman Friend: I'm not saying anything's wrong here Jenny.

Jenny Collins: But if you look at fund 643, that is where the Debt Service Reserve for the State Revolving...or the Bank of New York...that's for the State Revolving Loan Fund is housed.

Councilman Friend: Is that the one I asked about where that \$8,000,000 came...I went...I was looking through the trial balance. I saw...it was about an \$8,000,000 debit (*Inaudible*).

Jenny Collins: It's a \$10,000,000. It's \$10,000,000.

Councilman Friend: Well it was \$8,000,000 if I recall. There's an \$8,000,000 debit.

Jenny Collins: The email that I had from you today stated it was \$10,000,000.

Councilman Friend: Pardon me?

Jenny Collins: \$10,280,181.16 I believe.

Councilman Friend: Yeah there was a debit balance in that one account that went on. What I was just looking at, I'm just looking at the over total on numbers, just from an analytical standpoint. If we drop \$17,000,000 now could be an answer for that. You know cause in 2010 we had \$21,000,000 we put in 2010 on construction. The question is did that permeate all the way through 2012?

Dan Hedden: I believe, and I'll find it in a minute, that the reason that the cash balances went down that much is because you had construction money in (*Inaudible*).

Councilman Friend: Well I don't know. Well I just wanted to say; I'm just asking for an accounting of that so...

Dan Hedden: The accounting is in the Gateway Annual Report that you have in your hand.

Councilman Friend: Well, okay. The problem you run into Dan is because you consolidated the numbers to begin, again, I'm dealing with zero numbers...

Dan Hedden: We also broke them out. (*Inaudible*)

Councilman Friend: I understand that. I hear that.

Dan Hedden: So if you look at fund 609, it's a construction fund, Sewer Improvement, the beginning balance was \$24,000,000, the ending balance was \$9,000,000. That's just simply constructing a project (*Inaudible*).

Councilman Friend: Then what you're doing then back in last year, the error that was made there was you stuck in the \$39,000,000 (*Inaudible*) a construction account, which we lost the audit trail. The audit trail was lost when you did that. Would it not be?

Dan Hedden: The audit trail actually was contained in fund 606 as the construction cash account within fund 606 in the consolidated trial balance in accordance with NARUC.

Councilman Friend: So in essence, it really starts stinking on the flavoring where you put the investments right inside the fund itself and that can get confusing.

Dan Hedden: No.

Councilman Friend: It won't? Okay, well. The reason why I said that is that was one of the problems that SBOA had last year.

Jenny Collins: Which we...

Councilman Friend: No question about it.

Jenny Collins: We took the steps to correct it this year where we broke those funds back out into six or seven funds.

Councilman Friend: Well the only reason I'm questioning it is I just want to make sure that when we get in this exercise coming up here in another few months we're going to be fine and dandy. And you're saying we're fine and dandy, we don't have a problem.

Councilman O'Daniel: Can we...where are we at now? Rather than get...rather than looking backwards, where are we at today as far as the reconciliation and getting ready?

Dan Hedden: Where you're at today, focusing specifically on the utilities, the...as I said earlier, your utilities are proprietary funds, which in accounting terms mean that they operate a bit like a business, and the National Association of Regulatory Utility Commissioners, NARUC, puts forth guidance on how you should account for enterprise funds like that and they use a single trial balance, which means you are allowed to do that. MUNIS is capable of handling that for you and letting you do the full accrual accounting for utilities as they should be done. Now, you have a dual reporting requirement. The State Board of Accounts says, or said, that they want you to continue to report cash basis, fund accounting for your utilities so you have conflicting guidance. So in response to that, as part of our project this year, we took that consolidated trial balance and we broke it back out into the individual fund. To do that, we simply went to the consolidated trial balance and we went account by account and said this account belongs in this fund; this account belongs in this fund, and spread those as they should have been, as they should have been in accordance with what the State wants to see.

So, when you report 2012 your Gateway Report shows a beginning balance for each utility fund, activity for each of those funds and an ending balance for those funds. So that was one project. Now the other project...

(*Inaudible*)

Dan Hedden: Yes.

(Inaudible)

Dan Hedden: Yes, we had the final write-up of \$18,309...

(Inaudible)

Dan Hedden: Yeah. Well the final variance is point three one hundreds of a percent.

Councilman O'Daniel: *(Largely Inaudible-Microphone Off)* Not worried about the *(Inaudible)*. And that's understandable, I get that.

Dan Hedden: And we assign that variance to the City just parenthetically. Not to the utilities.

Councilman O'Daniel: Why?

Dan Hedden: We don't know what the...if we knew what the variance was it wouldn't be unreconciled, clearly. So at that point, we have a couple of choices to make. Do you allocate the variance a little bit to each fund? Do you allocate the variance to the one spot? The decision was made that because of the *(Inaudible)* so that it's all isolated, we put it...allocated the entire variance to the General Fund.

Councilman O'Daniel: How is that...how is that noted *(Inaudible)*?

Dan Hedden: I footnoted it. I footnoted in the letter that I wrote to the Controller's office. I think you all have a copy of it. It should be on the very last page. But I wanted to kind of...

Councilman O'Daniel: That's the utility *(Inaudible)*?

Dan Hedden: That's the utility.

Councilman O'Daniel: *(Inaudible)*

Dan Hedden: Citywide. We are looking at, for this analysis, we are looking at the three main accounts that process all of your operations which are the City Main Treasury, Water Operating and Sewer Operating.

Councilman O'Daniel: *(Inaudible)* Is there a variance in the funding?

Dan Hedden: No. The total variance for the entire City for the reconciliation that we wound up with was \$18,000 and change.

Councilman O'Daniel: Why is that different from *Inaudible*).

Dan Hedden: Because we continue to keep looking.

Councilman O'Daniel: *(Inaudible)* Work in progress. Those numbers have gone back and forth *(Inaudible)*.

Dan Hedden: That's an indication that the Controller's office and us keep looking. If you'll recall when I was here in January, and I can quote for myself...

Councilman O'Daniel: *(Inaudible)*

Dan Hedden: I can read my own statements that said that the task that we were given was to work the process until one of two things happened. There was a zero variance or we had to issue the annual report. So, we worked the process until January, I forget the date, but we worked the process until January until we got to the \$18,000 and at that point we needed to go forward and issue the annual report. So the \$18,000 represents a three/one hundreds of a percent, a very small number when you consider the dollars that you have in the City. I mean if the report needed to be issued in June, we'd still be working it. And just because we've issued the report doesn't mean that we won't at times, time permitting, go back and look for it. But as of today, that's the variance and we are going to reconcile back to that, or back to zero each month from now on.

Councilman O'Daniel: *(Inaudible)*

Dan Hedden: It does mean that that portion of my project is done and we're transitioning to maintenance. So if there are any reconciliation questions in the MUNIS accounting system, we are happy to help out. But I did get a report today from your bookkeeper in the Controller's office who does the reconciliations and she is all the way through January. She showed me her work papers and she doesn't need my help. The only time she is going to need my help is if something weird happens. She's got it figured out.

I am working with the utilities. The hardest reconciliation, in my opinion, that you have is the water utility and that is because so many small transactions go through that utility that are unreconciled...bad checks, return of those bad checks, what are called Magic Writer fees...Magic Writer Return fees, those things are an accounting nuisance. There's a volume of them. That is by far your most challenging so I'm going to work with that bookkeeper on the techniques I use to help identify that.

But even then, our goal here is to transition that work to your folks. I have no interest in doing bank recs in the City of Evansville. My interest is putting processes in place so that you can do it yourself.

President Robinson: How long will it take you to complete the job with the utilities department?

Dan Hedden: Depends. We have multiple jobs, first of all. The jobs that I am responsible for are the bank reconcil...the establishment of the new treasuries, the correction of the processes that go into those treasuries, helping the utilities on breaking the funds out from a single to a multiple, helping both the City and the utilities with their GAAP reporting so that you can do full accrual financial statements for utilities for their board, and so that you can do a CAFR which we've talked about in previous meetings.

So those are projects we are gearing up for right now. In fact we have GASB training, Governmental Accounting Standards Board, GASB training next week with MUNIS on site to

go through how that's going to look for the City. So for the reconciliation piece, our time will dramatically drop for that piece because we have the City reconciled...we as a collective, we Umbaugh, the Controller's office, MUNIS, the utility office. I hope I'm not forgetting anybody. That piece is done through December. January, in your Controller's office, they've done your City bank account; a splendid job. Utilities, very difficult for water, continue to work on that. So we don't expect that we will have as much time on that piece of the project but we are transitioning to the next piece of the project which is getting your accounting and reporting up to the standards that you've said that you want, that the mayor said that he wants, and that getting back to the time when the City did a full CAFR.

President Robinson: I guess I have a question. I don't have the budget in front of me. How much do the Controller's office have in their budget for contracting accounting services or contract services?

Councilman Friend: Well when...I did go in Gateway today and I did look at a disbursement. I can tell you in contractual services in total they say you spent \$2.2 million in 2012.

President Robinson: What...just accounting?

Councilman Friend: I'm talking professional services. \$2.2 million.

President Robinson: Oh, professional services. Okay.

Councilman Adams: Can I ask a very silly question? I need a...you're saying even though the City had no reconciliations in 2011 at all, that the City's accounts now are totally reconciled for 2012 except for 18 grand.

Dan Hedden: That is a correct statement.

Councilman Adams: Okay. And so there won't be any other variances of information that we thought should be there or were there or so forth like that because one of the deals here is that when our account throws up some questions, suddenly, three times in a row, new data comes out of you. And, you know, the first time I thought, okay fine but the third time it seemed like there was a game here of holding back information and sort of playing a game to sort of discredit this guy's questions on the data that you gave him originally and therefore suddenly at the end you come out with more data each.

Dan Hedden: For the record, I have never received a direct question from Mr. Garrett about my work.

Councilman Adams: Yes, but you're working on the same number that he was trying to do a criticism of. We have been waiting all weekend for your report.

Dan Hedden: Yeah let me speak to that report because I think it's important that we all get to a common place in terms of communication and where you are.

Councilwoman Brinkerhoff-Riley: Can I...let me just ask a preliminary question and I'm going to ask it of Councilman Friend. Councilman Friend, we got a report from Mr. Hedden

that has an attachment of 10, 15 pages and we got a report from Mr. Lloyd that had 61 pages. Have you seen that data prior to Friday and Saturday when we received the reports?

Councilman Friend: Well, when I received the data from Russ, it happened on the night of Monday, February the 11th. He came up and gave me the information. In there, there was not any schedules that Mr. Hedden had given in this report. That was critical in the overall summation because we...Dan, you, Connie and I and Garrett met with you and was told in your office that October, November and December was going to be done in MUNIS, inside MUNIS. Now why in the world would Garrett think anything different when I got a report here, has your name on it and it was ran on February the 10th with your name on it clearly and then all of a sudden you give that to me, why would we...we can't bring Clara, that's *claravoyant*. I know we gotta have some feedback and Russ, you never gave that to me. I never got any response from you know there was some...any data going forward in this whole process so Mr. Garrett was working on data that was given to...and I would have done the same dog-gone thing. I mean come on.

City Controller Lloyd: Let me respond to...

Councilman Friend: Like if you'd been a doctor and I give you some film and then we do film two weeks later then you're going...

Councilman Adams: Different film, definitely.

Councilman Friend: Yeah, I mean it's...that's what the irritation is about all this.

Dan Hedden: I've got an email here from Mr. Garrett that was sent to Mr. Lloyd on February 17th, approximately...less than a week after you received the data.

Councilman Friend: Sure.

Dan Hedden: And it speaks to the summary page that was passed out or at least handed out at the meeting in February 10th or whatever...February the 11th. Because the volume of the data and because of our desire to have everything completely contained in MUNIS, what we had done and what was provided is that every adjusting journal entry that needed to be made was copied into the note section of the MUNIS bank rec. When it prints out it's awfully ugly. We understand that. I can't format it, it's not my program. So what we did was we added a summary and the summary said, "Here is the raw variance that's in MUNIS. Here are all the things we know that need to be adjusted. Here are the timing issues and here's the payroll issue to get to the total variance of the \$88,000". That was provided. Mr. Garrett even asked a question. His question says, "There are three columns that are relevant to this question: Raw variance per MUNIS, Column 1; Less known adjustments, Column 2; Less treasury timing adjustments, Column 3. Question. Are the amounts in Columns 2 and 3 already within column 1, i.e., are they helping to explain a portion of the variance shown in Column 1 or are the amounts shown in Columns 2 and 3 separate reconciling items, independent of variances show in Column 1? Thanks Russ. I would appreciate your clarification. Take care".

My response: "The schedule is prepared as follows. The first column is the variance that is shown in MUNIS bank reconciliations that is printed directly from MUNIS. The second, third and fourth columns are the explanation of that variance. The information in Columns 2, 3, and 4

tied back to the bank recs for each statement. I also copied the adjustments into the note section of MUNIS so that everything will be contained within MUNIS. I cannot follow his question completely, (*I'm referring to Mr. Garrett's question*) but I believe, based on the explanation above, that we will respond with the "*or are the amounts in Columns 2 and 3 separate reconciling items, independent of variances shown in Column 1 option*". Thanks. I hope this helps.

That email was forwarded to Mr. Garrett at...a few hours after I wrote it. I don't understand. If it's not clear enough, we can write it differently but the information was there. Further, this report that was issued by Mr. Garrett, we understand what he did, we see what he did and I can concur that he read those numbers correctly but it appears that's where his analysis ended. It's where ours began. So to clarify for you and for everyone, I gave you my information and my spreadsheets and attached it to the letter for October and for December so that you can look for yourself and see it clearly. Now, as I said, what we had been doing was copying that information, those reconciling items, into the note field in MUNIS because we...until it's in MUNIS, we don't have a place to put it so in order to make it comprehensive, we put it in the notes field. Now the other thing I want to point out, and I think this is also important, is that originally when this discussion happened about having the oversight...the compliant officer?...the compliant service, I have no problem with that. Our work is reviewed by the State Board of Accounts every day. Compliance isn't an issue for me but we said these are live, in-process reconciliations. I stated in front of all of you that we are going to work the process until such time that we have a zero variance or we have to issue the annual report which means that everything that I provided, or that we provided, as of that date, we didn't stop and wait for this report. We kept looking and because of that we asked for the ability to issue you final information so that we wouldn't have this back and forth. I strongly feel that if we were provided a draft of this report...I don't know, did anybody have a chance to review this before it went out?

Councilman Friend: I've looked at the report.

Dan Hedden: If we were provided a draft of the report and about the five seconds it took me to read this conclusion, it would have taken me another 20 seconds to correct them and none of us would be here today.

Councilman Friend: Well let me ask you one thing Dan. I've been a CPA for 35 years man, I've been down this road and I've seen a lot of things. Sure have. Gotta ask you this. I'm looking at one of your reconciling items here, it's \$1,098,356.49. It's a write-down against the book.

Dan Hedden: Yep.

Councilman Friend: Now what in the world could be...what could...I'm saying it could be payroll related, it could be embezzlement related, it could be anything. What in the world is that? Now I want to tell you something. Those are the types of things that look like to be a...it's an exact number so it means you've got to have a detail behind that. Now what I would like to see myself, if I was doing the reconciliation variations, I'd be wanting to see a detailed analysis behind that number cause of its exactness. I have never seen that in my whole career, ever.

Dan Hedden: Yeah, what that is is a result of a proof that was done for receipts and disbursements if you'll read my letter. My letter says that our methodology was, when we saw the raw variance, we did a receipt and a disbursement proof. And what a receipt and disbursement proof...it's going to shake out everything you've got to look at. If something happened at the bank that didn't happen in the ledger, it hits the variance column and becomes part of this reconciliation. The million 98 that you're referring to has to do with, and we've since learned this, has to do with the effect of the payroll process on the treasuries. And we've actually...because of this and other information like it, we know that we have to go back and look at the payroll process again and how it's hitting the treasuries. We've learned that because we do bank reconciliations each month as it pushes it out, if it's not there, we have to list it and identify it. At the time when this was done, we felt like it was related to that information. We did not have the complete research of it because the process was...we performed our task, identified the reconciling information, sent it back to the controller's office for them to have an opportunity to research it and clear it. That's the process.

Councilman Friend: Let me ask you, is this part of the MUNIS script?

Dan Hedden: Ah the MUNIS script...

Councilman Friend: Who (*inaudible*) by the way (*inaudible*). Give me the name of the person who did the MUNIS script.

Dan Hedden: Susan Sturgis. And the script was...what I had asked for and what I observed was that we had information going to the bank rec module that was based on packet information. I believe I'm saying this right. It was based on packet information but the transactions that were within that packet may not have had the same period or the same date so a packet may have only been dated December 2012 but the information in it might have been November. So when stuff like that happened it got associated with the wrong pile of stuff to reconcile and we didn't like that so we asked for some clarification, some help for us to figure that out because that's not anything that I know how to look at. So that's what the genesis of those questions.

Councilman Friend: Can I...

President Robinson: Wait John. He asked if you had read the letter you would know this. Didn't we get his rebuttal on Sunday afternoon?

Councilman Friend: I got mine on Sunday, yes.

President Robinson: Sunday afternoon and I think that you had Mr. Garrett's information on Wednesday through Sunday and you asked if we had time to read it. We all do have full time jobs and...

Dan Hedden: Madam President, let me clar...I am sorry I interrupted but I'd like to clarify.

President Robinson: You know, I take offense to that. Do we have time...if we had time to read it we'd try. Yeah I tried to read some of it but I do have other things to do and I think and you know I think it's...even for you to come up here and speak on this when we haven't had a chance to read this...how may Councilmembers have had a chance to read all those pages?

Councilman Friend: Well and you know this, I'm a CPA...

President Robinson: You read all those pages, Jonathan?

Councilman Weaver: *(Inaudible)*

President Robinson: Yeah we got it Sunday. You read that? Okay *(Inaudible)*

Councilman Friend: My thing was I was working on clientele Sunday cause it is indeed tax season. So you know I need a little leeway on some of this stuff.

Dan Hedden: What I said, and if I wasn't clear I'll repeat it and maybe the minutes will catch it. What I said was if I had seen Mr. Garrett's report before it went out I could have stopped it in five seconds. That was what I had intended to say; I believe that is what I did say.

President Robinson: *(Inaudible)*

Dan Hedden: I'd ask if anybody had. I'm not saying that...I understand how *(Inaudible...)*

Councilman Friend: If he'd a had that...

Dan Hedden:...this project is. If that's how you took it, it wasn't my intention to say that you should have been able to *(Inaudible)*.

President Robinson: *(Inaudible)* everything that comes before me but it's been a lot coming before *(Inaudible)*.

Dan Hedden: It wasn't my intention *(Inaudible)*.

Councilman Friend: Russ, if he'd a had this document right here on the 11th, that sure would have helped me out cause I would see that you guys think that these are reconciling items. He didn't have this document.

Dan Hedden: He had it all within the body of MUNIS because...

Councilman Friend: Well when was this produced? When was this produced?

City Controller Lloyd: John, when you got that 300 pages on the 11th...

Councilman Friend: Yes.

City Controller Lloyd:...that was in there. That was on water report listing all these exceptions but this is in a lot easier to read format. You got the raw data and we sent a copy over to your office for Mr. Garrett so he had the 300 pages of all the reconciliations. But it was there.

President Robinson: Yes, I'm sorry. Councilman McGinn.

Councilman McGinn: Thank you. I...you guys are accountants and maybe I see this differently and maybe...I see a lot of people who are working really, really hard to fix this

problem. I mean, you know, I mean my gosh, everybody is trying to fix this problem. And my recollection is our budget in 2012, was it \$227,000,000? I mean \$227,000,000 came in and checks were written to various people for \$227,000,000 and right now, though you are still continuing to work on the reconciliation, we've got it 99.97% correct.

Now you've worked with the State Board of Accounts and I mean, everybody has, I mean certainly that's well within the parameters for us to get a clean bill next year, isn't it? 99.97%? I mean that's...

City Controller Lloyd: I mean that's what our goal is. We've reconciled all the accounts and we submitted all that data to the State as of December 31 so we are moving forward for preparation for the audit.

Councilman McGinn: For the audit, okay.

Councilman Friend: Well let me...

Councilman McGinn: Dan, you've done it, I mean do you feel good about getting an opinion with this level of what I'll call correctness because it's not an accounting term.

Dan Hedden: Sure.

Councilman McGinn: I mean how do you feel?

Dan Hedden: I intimately know how hard everyone has worked on this project.

Councilman McGinn: Oh so do I. I mean I...no one doubts (*Inaudible*).

Dan Hedden: So yes, I'm comfortable with the results of the work.

Councilman McGinn: Okay.

Dan Hedden: I am happy to work with the Council's consultant. We are happy to share notes. What I'm not happy about is not having the opportunity to further...to explain this information before it got to you. That's what I'm not happy about and I can't control that.

President Robinson: So do you think our consultant should forward information to you before he forwards it to the President and Finance Chairman?

Dan Hedden: No, that's not my point. I don't want to review your reviewer, however, when information is presented by your consultant versus information that is presented by this team, and it is that far off, I think all of us have the same goal in mind, that it could have been resolved with a conversation.

President Robinson: And I...and let me tell...and I did try...I...Steve? Steve Schaefer, you can come forward. I tried two or three times to set a schedule that we could meet with the Mayor and the Controller to try to discuss these issues.

Steve Schaefer: Well I...but that was, I mean, that was...we were trying to set a day... (*Inaudible*)

President Robinson: Yeah, set a day that we could sit down and meet with...

Steve Schaefer:...like, in a day.

President Robinson: Now I cannot help it that before...

Steve Schaefer: I'm trying to say...

President Robinson:...when we got the information, then it got forwarded to the City-County Observer. I don't have anything to do with that. I don't know who on this Council sent it. I hit the button and sent it to *All Councilmembers* after I had gotten the information. Within 24 hours, it was in the paper.

Steve Schaefer: And Madam President, we were...I think...I apologize you got the report on Sunday. I'm glad they got it to you as soon as they did. We learned about the report through the media. We started getting media calls about it so we naturally got the report from the media and did a quick review and responded and from that point, we started developing our response. The City side, the Mayor asked the finance department to start developing that response and it took a lot of work going through that report to try to explain...to get accurate out there. Umbaugh decided to issue their own formal response I think a day after we started our work. And I apologize. We learned about it I think Wednesday or Thursday. Wednesday and I started working...

President Robinson: And I did... and I sent an email apologizing that I did not send it to you.

Steve Schaefer: Oh yeah...I'm not...

President Robinson: I did not know that it was going to hit the paper. I was trying to read it myself first.

Steve Schaefer: Oh sure, sure. And...but we just wanted to...we got the report to the media and just started developing our response, so...and Councilwoman, you did, you reached out, you tried to set a meeting for Friday. Unfortunately that didn't work for the mayors' schedule but, you know, he believes in the finance department, he believes...is satisfied with Umbaugh's work product and their opinion in these matters, and I think the news that we got...the news that we've been getting from the ratings agencies have been positive affirmation of what we are doing. Just today, I don't know if Russ...have you mentioned that? I'll get it wrong so I'll let Russ talk about it. I'm not a finance guy. But our...the finance agencies, Moody's and Standard and Poors are reaffirming bond ratings and that's a good...that's positive. That's positive for all of us. So...

Councilman O'Daniel: And that...that's great news right? You know that's what we ultimately want as a Council, as an Administration. I don't know...it seems to me this is a communication issue and, you know, and I'm sure it goes both ways, right? You know you get a report that has some editorialization in it and you...the response, you know, rather than picking up the phone and saying, "Hey, hey, (*you know*), look. This is right. This is this answer", rather than create an 11 page response or a 61 page response. It seems like a lot of this could be handled by either Dave reaching out and asking the question directly or the Administration, Russ

or Dan calling to say, "Do you have any questions? We got some new reports in. We did some more reconciliation; we found this error", you know, "Do you have any questions based on that?". I don't think there is any of that going on. I mean, sending a couple of emails, you know, doesn't strike me as meaningful communication. And look, what's in the past is the past. You still have some work to do and what I'd like to see is everybody, and if Mr. Garrett were here I'd tell him the same thing, is work together and communicate so that way we don't get in this, for lack of a better word, pissing contest, about who was right or who was wrong.

Dan Hedden: Totally agree.

Steve Schaefer: Just for the...I mean the Mayor did make the request that Mr. Garrett be here so that we could have a dialog on the report.

Councilman Friend: Let me ask you something, Russ. Did you...it was...Dan, you said you forwarded a response to Russ to give to Mr. Garrett. You said that went on. Well, I need a copy of that because I'm getting an email says he did not get that. So you need to give me a copy of that day that you forwarded that on to him.

Councilman Weaver: Why isn't our consultant, Mr. Garrett, here?

Councilman Friend: Yeah, I don't know why he's not here tonight because...

Councilman Weaver: *(Inaudible)* be here.

President Robinson: *(Inaudible)*

Councilman Friend:...you know, what are we gonna get...Jonathan, what we're getting in here, this thing, this is he said, you said type stuff. We could be here all night long.

Councilman Weaver: *(Inaudible)* so he should be here to defend his report.

Councilman Friend: Well.

President Robinson: He gave us his report based on the information that he had.

Councilman Friend: Yeah, exactly.

Councilman Weaver: Well he should be able to rebut what's going on here.

President Robinson: He gave us his report based on the information that he had at the time.

Councilman Friend: He just did. He said he didn't get the data. I just saw it *(Inaudible)*.

City Controller Lloyd: I can check my email...

Councilman Friend: I just saw it; he just emailed it to me.

City Controller Lloyd:...but I would say it's irresponsible to say, "What happened to the \$46,886? Did someone steal this money from the Levee Authority?" I mean there is no basis to

put that in a report. And then it goes to the City-County Observer. The people over in finance are not very happy.

Councilwoman Brinkerhoff-Riley: So let's make a deal...so let's make...cause think about this. I mean this report came out, I got it emailed by President Robinson, and then how was everybody's weekend...

City Controller Lloyd: Not very good.

Councilwoman Brinkerhoff-Riley:...okay. Because I know that I met with three other City Councilmembers and Mr. Garrett on Saturday for a couple of hours myself, on probably the nicest day of the year. Now I can't speak for Mr. Garrett but I'm more willing to push for two things. One of which is that when a report is drafted by Mr. Garrett that the preliminary report gets reviewed by the Controllers' office. That doesn't seem unreasonable. The other thing is I would really like, cause right now what I see is that your position is to respond to information requests but what we need is an on-going obligation to update the numbers as you guys lower that variance and so if we can make a deal that Mr. Garrett will...you'll update him. Because what I think has...what I see as happening is there are a lot of things that change. This variance is a moving target. You guys have done a tremend...I mean just think about this from the big picture. I mean 18 months went by where City Council had no idea that the bank accounts had not been reconciled. John found it in July of 2012. We got dinged by the State Board of Accounts for not providing appropriate oversight and even though I honestly believe that you were working literally day and night and are basic... significantly underpaid for what you've been doing this last year or so. We crawled up into your world, all nine of us...

City Controller Lloyd: Right.

Councilwoman Brinkerhoff-Riley:...about seven months ago because we got implicated in an oversight issue. And I can understand how hard you are working, how hard your office is working, and then to have nine different people now, plus a consultant, and an attorney, where you get a constant stream of questions that aren't necessarily cohesive and sometimes we don't work together, and you're...I think you're natural inclination, I would completely understand this, is leave me alone. Okay, I'm doing the best job I can. I'm getting this done. Let me do my job. I see that but you have to understand from our perspective when we got dinged by the State Board of Accounts that all of a sudden we're providing oversight that, you know that, you're...I mean you're doing a good job; we are getting this done.

But in the last few months, we are 99.7% there and State Board of Accounts is going to be here in two months, right? So for the next two months you can...Mr. Garrett will provide findings for you and you'll actually provide...keep providing updated information because we've been to substantive meetings, we've been to procedural meetings on how to exchange information, how these information requests...I mean we've done a lot to format requesting information but if we can just get an on-going obligation to update the numbers, as you're changing them, then I think Mr. Garrett can let you have a look-see at his findings before the...cause that makes more sense. I don't want to read three reports again.

Councilman Friend: Right, here...

City Controller Lloyd: We don't want to write them. It takes a tremendous amount of time.

Councilwoman Brinkerhoff-Riley: Then we just need one report.

Councilman Friend: Russ, obviously you've got work papers and details behind these allocations. Have to.

City Controller Lloyd: Yeah.

Councilman Friend: Okay, so what I'm going to request...I think we need Mr. Garrett. He needs to come down and review your work papers, the allocation formulas, the plans that were implemented during this whole process, the transfers that were done and...because one thing I'm trying...I'm trying to get my hands around is this cause we all know bank reconciliations are that of the moment, okay. I'm having a hard time understanding how the transactions we have in the future makes a reconciliation item today. It would be like a payable. Would you agree a payable is a rec item on a bank state...on a bank reconciliation Russ?

City Controller Lloyd: No, but they are not a payable.

Councilman Friend: Well I understand but you see what I'm talking about. That's why I'm...we're seeing that number pop up. And that's why it's perplexing to me as just what we do for a living. Those are future line items. They have nothing to do with today and now with the bank rec. What's going to happen a month from...that'd be like me trying to reconcile my bank account for April.

City Controller Lloyd: There are work papers that show...

Councilman Friend: Well that's what I'm after. Yeah, what we want to see is I want him to come in, I think we want him to go in, get into your office and sit down and go through the details.

Councilman O'Daniel: Well I mean...and I think this is why we hired Dave.

Councilman Friend: Right, exactly.

Councilman O'Daniel: You know there is a level of comfort that he's going to be looking for something that maybe we're not and to the extent that he has a question, cooperate, you know, if there's a question, ask it, if you don't understand the question, ask it back...what exactly do you need? Because this email after email...I mean Dan even you said it, "I didn't know exactly what he was asking for", but you didn't get on the phone and say, "Is this good?". I mean...instead you spent hours generating new reports to respond to something that could have been solved in a five-minute phone conversation. I mean it seems...it seems a little juvenile. It really does.

City Controller Lloyd: Well I mean are we really supposed to...if we are giving him information to provide a bank reconciliation report to City Council.

Councilman O'Daniel: (*Inaudible*) because ultimately he's...

City Controller Lloyd: He's an agent for the Council.

Councilman O'Daniel: Ultimately he's supposed to make us feel comfortable that we're doing our oversight so that we ultimately get a clean bill of health and no offense Russ, but I mean, once burned, twice shy, right?

City Controller Lloyd: Right.

Councilman O'Daniel: You've been told once and that bit us so now we're not going to let that happen again and so we are going to be a little more vigilant than maybe what anybody's comfortable with and hopefully, this all works out.

But I mean I don't know any other way to say it.

City Controller Lloyd: Yeah, well I think we've worked through the worst of the problem. Mr. Garrett indicated in his report we had 13 months to get this solved. Well we had 13 months but it was for two years of data so it's not like we were sitting on our hands working on this *(Inaudible)*.

Councilwoman Brinkerhoff-Riley: No, I think you got offended and I understand why.

President Robinson: You know because sometimes *(Inaudible)*

Councilwoman Brinkerhoff-Riley: It could have been written differently and it...there's no...you're not subject to criticism at this point and you've really done a lot of work. I mean the proof's in the pudding, we'll see what the State Board of Accounts...but there is no doubt that you've worked hard and the report should not be offensive. It shouldn't be insulting.

Councilman Friend: Let me ask you one thing Russ. I've gotta ask you some beginning numbers. Okay on our beginning numbers, you feel comfortable here because you remember, they've got to certify numbers. We do realize...

City Controller Lloyd: *(Inaudible)* reconcile all of 2011.

Councilman Friend: We do realize when we march off to GASB, we will get a qualified opinion.

City Controller Lloyd: Well I don't necessarily agree with that.

Councilman Friend: I...well how do we go back and actuarial go back and go up with GASB 45 back and at the end of 11? How you gonna handle that?

City Controller Lloyd: Why wouldn't Personnel have those records as of December *(Inaudible)*?

Councilman Friend: You haven't had a an actuarial study.

City Controller Lloyd: We are having one.

Councilman Friend: Back in those periods of time, you're going to have it?

(Inaudible Speaker – Inaudible Language)

Councilman Friend: Well let me ask you one thing. Dan, this is...

City Controller Lloyd: It's over 2012, not 2011. The audit will be over 2012.

Councilman Friend: I know but if you're going to do 2012 you got to get your January 1 of 2012 number, which would be December 31 of 11. Dan, am I missing something here?

Dan Hedden: When you are talking about doing the full accrual GASB model...

Councilman Friend: Yeah!

Dan Hedden:...then I would concur with your statement that you would need your assets and liabilities stated as of 12/31/11. But what we are talking about going to is the modified cash basis GAAP model in accordance with GASB 34, which we got the training material and the implementation guides to do that, so there won't be that asset and liability standard for 12/31/11. However, the actuarial study that you referred to is still a good study for you to do because it helps with your management of your employee benefits. It's good information for you to have in the plan, similar to the capital plan that we talked about earlier. These are things that you are going to have to deal with in the future and the actuarial study will give you an idea of what's coming up.

Councilman Friend: Well my point being is Dan this...you're going to be an assistant on this, right? You're going to be doing the assisting?

Dan Hedden: Yes.

Councilman Friend: What's it going to cost us?

Dan Hedden: I...

Councilman Friend: Well we need...you know we've been having some...about this bidding. We've been spending a lot of money. Don't you think we ought to have a bid on this? What is it going to be?

Dan Hedden: I mean...

Councilman Friend: It's gonna be thousands of dollars.

Dan Hedden:...professional fees.

Councilman Friend: What's that?

Dan Hedden: I said there isn't a requirement to bid professional fees.

Councilman Friend: Oh I know that.

Dan Hedden: But we can go back and put together a budget estimate for Russ.

Councilman Friend: Yeah, we need to see that.

Dan Hedden: Yeah.

Councilman Friend: Because I'm getting...I getting some numbers here...they kind of brush her up. I'm talking 150 grand here.

Dan Hedden: The challenge with putting together a budget like that is our tasks overlap with other things that we are doing. So, we are happy to do it. We'll provide billings against it and if something changes, we'll let you know.

Councilman Friend: Well I guess my concern is this. We're ready to go to audit, are we not?

City Controller Lloyd: No we've got a lot of work to do yet.

Councilman Friend: No, no. I meant...could we not...no...forget about GASB. I'm talking about regulatory. We could go to audit now, could we not?

City Controller Lloyd: We're putting that together. I mean we are probably close to that but I mean there may be some back-up information to put together. Everything has been submitted to the State.

Councilman Friend: Well I know it's been cause I see it. It's on this. It has been submitted but I'm talking about could we not go to audit now on regulatory?

City Controller Lloyd: I can't answer that question. I mean I can tell you I can check and get back with you on that.

Councilman Friend: Well the reason I'm saying is...

City Controller Lloyd: I'm not saying I am for sure when I don't know.

Councilman Friend: The reason I'm saying that is this. They've given us a go. It looks like the legislature is going to give us a two-year reprieve on this. Okay. Where is the fire? I'm saying is I would love to just get all this behind us, get back to the way we were, have regulatory statements and then we look as 2013 as being a...and now you go ahead a do the actuarial so you get the beginning numbers going, I'm all for doing that, doing that work. But I'm all for closing her down, doing a regulatory and not taking any chances on a snafu where we get an adverse opinion on GASB.

Dan Hedden: The guidance from the State, as of today, is that if a city goes through the regulatory process for their audit...

Councilman Friend: Right.

Dan Hedden:...they will automatically get a qualified opinion because it's not GAAP basis

Councilman Friend: I know that, I know that.

Dan Hedden: So the standard is that you want an unqualified opinion.

Councilman Friend: Wait a minute, wait a minute...

Dan Hedden: So if you want an unqualified opinion you're going to have to do the GAAP basis financials. We've discussed this.

Councilman Friend: Well I know but...

Dan Hedden: If there's...I'm sorry, go ahead.

Councilman Friend: Listen, I'm just saying this. Almost all the cities in Indiana are going to this. I've already checked the SBOA. They're collapsing on this and the rating, to Moody's and all this, all understand this. They all understand it. So I'm saying is my vote would be we forget about his nonsense on GASB 34 now. Let's get cash right and then we move on. Why do we want to spend \$150,000 plus dollars? Cause it will be that.

Dan Hedden: To do a GASB model? To do the GASB reporting?

Councilman Friend: *(Laughter)* I've already checked it out. That's what I'm getting feedback on. I've been doing my homework. I'm been doing my homework. We're gonna spend all this money out and we do have a little bit of a risk that we snafu this deal and we do get an adverse. Whatever else...I'm not saying we will. I don't want to take the chance. I'd rather go ahead and get a clean opinion on regulatory and then we move to 13.

Dan Hedden: You won't get a clean opinion on regulatory. That's my point. You'll get a qualified...

Councilman Friend: What does the SBOA...you think the SBOA is lying to me? They've already told me that!

Dan Hedden: What they have expressed to the Controller's office in our direct meeting with the supervisor and Karla Giesler is that as of today, the audits that are done by the State of Indiana...

Councilman Friend: Yes.

Dan Hedden:...have to be, in order to get an unqualified opinion, they're going to have to follow some level of GAAP. If they use a regulatory basis, the best opinion you can get is an unqualified opinion regulatory and an adverse opinion on GAAP so you'd have an adverse *(Inaudible)*.

Councilman Friend: Dan...Dan I'm just...I want to play the devil's advocate here. We go on, we take the shot at GASB 34. We blow it. We don't get the liabilities right because we are gong to be looking at liabilities, accrued liabilities. They have to be.

City Controller Lloyd: They'll be cash basis. GASB 34...you're modified cash.

Councilman Friend: Okay, then I'm saying this is that why do we want to take that chance because we get adverse on GASB, I understand that, but we get a clean...we get a regulatory clean opinion.

Dan Hedden: You're right. You could get a clean regulatory opinion.

Councilman Friend: Yes, that's what I'm talking about.

Dan Hedden: But you would have an adverse GAAP opinion.

Councilman Friend: So what?

Dan Hedden: We had a discussion about this at the last meeting I was at about the City moving towards a CAFR; the City moving towards the level of reporting that (*Inaudible*)...

Councilman Friend: I agree with you on that. We do need to move there. And how...but not...not 12; let's do it in 13.

City Controller Lloyd: Well we've got the cash right and we would like to go for the higher bar. We would like to get the clean GAAP opinion. That's what we're shooting for.

Councilman Friend: Okay well, well it's your...I mean...

Councilman Adams: Councilman Friend: We've been...

Councilman Friend: I know.

Councilman Adams:...playing this game for quite a while here. You've been giving them your advice. They have their way that they want to attack this problem. The proof of the pudding is whether the State Board of Accounts is going to approve 2012 and then whether they will approve whatever the module that we're going to move to. That's on their backs. We've done our work here this year. I don't think the State Board is going to come back and tell us we haven't been trying our damndest to do the best we can with the regulatory oversight. I think we ought to just let the cards lay the way they have and you've done the best you can to tell them what you think; they've told us what they think, and let the higher authority tell him whether they are okay or not.

Councilman Friend: Well...

Councilman Adams: That's what I'd do.

City Controller Lloyd: One quick point here. Dan Hedden has POD. That email was sent by me to Dave Garrett February 18th, 5:11 p.m., but I'll double check that.

Councilman Friend: Double check it. He said he never got it.

City Controller Lloyd: And then just real quick Madam President?

President Robinson: Yes.

City Controller Lloyd: Moody's did notify us today and you'll...you should be getting this news release. Moody's Affirms A-1 Rating on City of Evansville, Indiana Sewage Works Revenue Bonds, so in addition to the A...AA-3 on the arena lease/rental, they also reaffirmed what the City is doing on the Sewage Works Revenue Bonds, so that's good news.

President Robinson: Thank you. And Russ I want to compliment you. I pass by here every Saturday going to the post office and you're here on Saturday and you are here on Sunday.

City Controller Lloyd: Yeah, we just got a big job we are trying to get (*Inaudible*).

(*Laughter*)

City Controller Lloyd: Yeah, I don't have much of a life.

President Robinson: But thanks for all the hard work that you've done.

City Controller Lloyd: Thank you.

President Robinson: You got anybody else?

Councilman Friend: No, I'm done.

President Robinson: Jeff Day.

Jeffrey Day: My name is Jeffrey Day, I live at 6000 Berry Lane, Evansville, Indiana. I want to ask the question how is it that a person who (*Inaudible*) in front of you can have a license to park downstairs in the haz...in the handicapped and she works full time right here in the building? How is it possible Louise Williams works here and parks here and gets a handicapped parking spot right down here in the Civic Center Lot. I was in the building today. My wife is disabled; my daughter is disabled. We have handicapped parking (*Inaudible*). So then if you have this circumstance, they you resent somebody else being able to park in the handicapped parking place, have a handicapped tag, and they are not handicapped.

TAPE CHANGE

President Robinson: How do you know that individual is not handicapped?

Jeffrey Day: I don't know if she's handicapped or not. I only know that Louise Williams worked with me for how many years in a...at the...for the voter...on the voter's board. That's all I'm saying.

President Robinson: Well you sir, were you able to find a parking place?

Jeffrey Day: Today?

President Robinson: Yes.

Jeffrey Day: I parked in the first place my wife was able to park...in the very first place. Louise Williams parked coincidentally in the second spot.

President Robinson: Do you know that was Louise Williams' car?

Jeffrey Day: I don't know if that was Louise Williams' car but the...

President Robinson: Well how could you say it was her then?

Jeffrey Day: I saw her get out of the car. I saw her get out of the driver's seat of the car. I noted downstairs when we come in here today that the...your security people for the County told me that it's unusual for Louise Williams to come in there and park in exactly that spot.

President Robinson: We don't here on Council, we don't have anything to do with that. I think you probably need to call the person that issues the parking permits. I mean...it's where they can park, I don't know that and you can contact that individual tomorrow between the hours of 8:00 and 5:00.

Jeffrey Day: Well that's fine. I just don't understand why somebody can have handicap plates and have a handicap...

Counsel Danks: *(Inaudible)* this man does not know what *(Inaudible)*.

President Robinson: Yeah, you...our attorney said you do not know whether she is handicapped or not, and, you know, if she has a handicapped parking tag so evidently she's handicapped and it might not be physically handicapped, it might be she has a heart problem and not able to walk. I don't know.

But I tell you what. I sat...is that Louise Williams back there on the *(Inaudible)*?

Jeffrey Day: That's Louise Williams.

President Robinson: Oh okay. Maybe you can meet with her afterwards.

Jeffrey Day: There you go.

President Robinson: Okay, is there anything else under Miscellaneous?

COMMITTEE REPORTS:

FINANCE COMMITTEE:

Re: Ordinance F-2013-1

Date: March 25, 2013

Time: 5:15 p.m.

Notify: Ted Ziemer

CHAIRMAN FRIEND

Approving an amendment of the Municipal
Sewage Rates and Charges

Re: Resolution C-2013-8

Date: March 25, 2013

Time: 5:20 p.m.

Notify: Ted Ziemer

Approving an amendment of the Plan for the
Downtown Redevelopment Area

A.S.D. COMMITTEE:
Nothing scheduled at this time.

CHAIRMAN RILEY

PUBLIC WORKS COMMITTEE:
Nothing scheduled at this time.

CHAIRMAN O'DANIEL

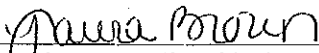
Councilman O'Daniel: There is nothing scheduled on the Public Works Committee but I just want to maybe throw this out there on the separating out the TIF. I may make a motion on the 25th to put a sunset on that of three years. That way if we do build the hotel then that will get tied for construction and those sort of things and still be able to keep revenue of sectioning out for the next couple of years anyway, but just keep that in mind and think about it. That's it.

ADJOURNMENT

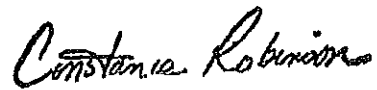
President Robinson: Can I have a motion for adjournment?

Councilwoman Mosby moved and Councilwoman Brinkerhoff-Riley seconded the motion to adjourn. Voice Vote. So Ordered.

Meeting adjourned at 7:55 p.m.



Laura Brown, City Clerk



Constance Robinson, President